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# FINANCIAL TIMES





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## WORLD NEWS

### IRA admits Waldegrave was target

The IRA has confirmed that Foreign Office minister William Waldegrave was the target for its bomb attempt at an international terrorism conference in London on Thursday.

In a statement issued in Dublin, the IRA boasted of its "success in breaching security" at the Royal Over-Seas League in Piccadilly.

Meanwhile, a row has broken out between Scotland Yard and security company Group 4 over who was to blame for a "lapse" that allowed the IRA to plant the 4lb of Semtex.

**UK-Iran link sealed**

The decision by Britain and Iran to resume diplomatic relations was sealed by a first meeting between their two foreign ministers. Page 3

**Lecturers' pay dispute**

Polytechnic and college lecturers are to be balloted on industrial action after union leaders rejected a 9.6 per cent "with strings" pay offer. Page 5

**Disaster area declared**

The Soviet republic of Kazakhstan declared its eastern region an ecological disaster area after an explosion on September 12 at a nuclear fuel plant released toxic gas that contaminated a neighbouring town.

**Legionnaire's outbreak**

An outbreak of Legionnaire's Disease has been confirmed at the Nottingham hospital where the Prince of Wales had an operation on his arm.

**Aquino killers sentenced**

A Philippine court sentenced an Air Force general and 15 soldiers to life imprisonment for the 1983 murder of former opposition leader Benigno Aquino, husband of President Corazon Aquino.

**Extra aid for farmers**

Beef farmers hit by drought and public fears about "mad cow" disease were promised an extra £8m in aid.

**Ministers resign**

Two prominent East German politicians resigned after saying they had co-operated with the Communist Stasi security police.

**Air near miss**

A Dan Air jet flying from Belfast to Gatwick and an RAF Jaguar on a training flight were involved in a near miss over Oxfordshire when they passed within one-and-a-half miles.

**ANC conference opens**

The African National Congress opens its first legal conference inside South Africa for 31 years in Cape Town today.

**End of an innings**

A company which helped to make Sir Don Bradman's cricket bats has closed after 80 years. Edgar Watts, of Bungay, Suffolk, has produced wood for millions of bats, but the 1987 gales, which wiped out willow plantations, has forced the company to end production. Page 22

## BUSINESS SUMMARY

### Barclays to buy private German bank

Barclays, the UK's largest bank, is boosting its presence in the German market by buying the prestigious Munich private banking house, Merck, Finck.

It is paying an undisclosed sum for 100 per cent of the shares in the bank. Page 22; Lex, Page 22

**ECC GROUP**, formerly English China Clays, became the third big company within a week to announce large-scale redundancies when it unveiled plans to shed 750 jobs over the next five months. Page 22

**US Federal Reserve** will respond cautiously to any weekend budget deal in spite of new indicators pointing to a further weakening in economic activity. Page 22

**EC agriculture commissioner** Ray MacSharry has accused the US of using "intimidation and threats" to undermine the EC's approach to reaching an agreement in the present round of negotiations on the General Agreement on Tarriffs and Trade. Page 2

**ELDERS Resources NZFP**, recently sold to Carter Holt Harvey by John Elliott's troubled Elders IXL, announced the biggest loss in New Zealand corporate history. After extraordinary losses of NZ$1.15bn (£379m), the company lost NZ$972.2m in the year to June 30. Page 10

**BOND Corporation Holdings** announced a preliminary unaudited loss of A$2.24bn (£991.1m) for the year to June 30, two days after the resignation from the board of Alan Bond, the company's founder. Page 10

**VOLVO**: Björn Ahlström, head of the North American operations of the Swedish automotive group, is to leave the company in the latest of a growing wave of senior management defections. Page 10

**STOCKHOLM**: Talks to resolve the crisis of confidence that has hit three of Sweden's main finance companies are expected to continue over the weekend. Page 10

**SPANISH** hotel group Melia plans to invest US$1bn (£534m) in Brazilian hotels over the next six years. Page 10

**FABRIQUE Nationale Herstal**, nearly bankrupt Belgian arms maker, won an extra month from its shareholders in which to patch together an ambitious plan to save the company. Page 10

**CAIRD GROUP**, fast-growing waste company which is the target of a hostile £78m bid from the Severn Trent Water Company, confirmed that acquisitions by the group were the subject of inquiries by the police, Inland Revenue and the Department of Trade and Industry. Page 8

**WEST MIDLANDS**: Output at the plants of two-thirds of the manufacturing members of the CBI in the region has fallen below capacity levels. Page 4

## Oil companies may face windfall tax from production operations

# OFT clears petrol price rises

**By David Thomas in London and Steven Butler in Paris**

BRITAIN'S LEADING oil companies have been cleared of profiteering from the Gulf crisis through increasing the price of petrol.

However, the Office of Fair Trading, the competition watchdog, found in its report published yesterday that the companies were making windfall profits from their oil production operations.

Sir Gordon Borrie, director-general of fair trading, who sent his report to the Treasury, identified a windfall profits tax as one way of dealing with extra oil production profits. However, he added that this could discourage investment.

Separately, the International Energy Agency, meeting in Paris, ruled out an immediate response to the sharp rise in crude oil prices, even though it accepted that they would damage the economies of most of its 21 industrial country members.

Nevertheless, the agency, which co-ordinates industrialised countries' response to oil supply fluctuations, asked its members to prepare for immediate emergency measures should oil supplies be further disrupted.

It warned that the world's oil supply and refining system would be operating with little flexibility during the winter and would be highly susceptible to accidents or severe weather.

Britain's oil companies reacted jubilantly to the OFT's report. British Petroleum said: "We hope that those who have made allegations against us will stop and think in future."

However, Mr Frank Dobson, shadow energy secretary, described the OFT report as "a complete whitewash".

"It is a sad day for the motorist. It is a sadder day for the OFT, which now joins the government in entirely swallowing the oil company line," Mr Dobson said.

The RAC said the report left many questions unanswered and called for an investigation of the Rotterdam market, which sets international benchmark prices for petrol.

However, the Automobile Association said it was pleased that the oil companies had been cleared of fixing prices and hoped the report would allay motorists' fears.

Shortly after the release of the OFT report, Shell announced a 4.7p a gallon increase from Monday. The increase, its sixth since the Gulf crisis began, will mean the price of four-star petrol will rise to 239.6p a gallon and unleaded to 226p.

BP said it was considering a further price increase, but Texaco indicated that it may cut prices.

On the prospect of a windfall tax, Shell said the real price of crude oil in sterling was not particularly high compared with the early 1980s.

It added that oil from mature fields, which accounted for about 70 per cent of its North Sea output, was already taxed at a marginal rate of more than 80 per cent.

The OFT launched an investigation on August 24 of petrol price rises by Shell, Esso, BP, Texaco and Mobil after fierce criticism of the oil companies' reaction to the invasion of Kuwait.

The OFT report confirmed the main results of an investigation of the petrol market published in February by the Monopolies and Mergers Commission.

The OFT concluded that "excess profits do not appear to be generated at retail, wholesale or, to any great extent, refining stages of the indus-


Continued on Page 22


# Nadir in US as mystery deepens

**By Clay Harris and Richard Waters**

MR ASIL NADIR, chairman of Polly Peck International, flew to New York yesterday, leaving the London stock market still groping for clues about the future of his company.

Polly Peck would not explain Mr Nadir's trip but he was thought to be trying to raise money, probably to boost the company's funds rather than to mount a buy-out.

Suggestions that he went to discuss the sale of the Del Monte fruit business were played down.

Mr Mark Ellis, Polly Peck's US-based corporate development director, had returned to New York earlier in the week.

The Stock Exchange is still seeking clarification of draft statements submitted by Polly Peck. Its shares were suspended on September 20.

One person present at Polly Peck's marathon board meetings this week said: "If you're going to say the effect of all this turmoil on the group's trading has been negligible, you have to be able to verify it in all details."

The delay, he said, had not been caused by attempts to uncover the truth behind suspicious share dealings in Polly Peck. "All the company has done is to ask Mr Nadir what his relationship is with South Audley Management and other companies. It can report his answers, but not vouch for them."

South Audley Management is a company linked to Nadir family trusts and is at the centre of investigations by the Stock Exchange and the Serious Fraud Office into dealing in Polly Peck shares.

The uncertainty compounds the plight of recent purchasers of Polly Peck shares, including Mr Nadir. On Monday they will have to pay out millions of pounds for shares which have plunged in value since they were bought.

A decision on whether Polly Peck should be ejected from the FT-SE 100 index of leading company stocks was deferred.


Background, Page 9


# Last rites in Berlin, as the GDR draws to an end

**By Leslie Colitt in East Berlin and David Goodhart in Halle**

BOUQUETS of flowers were piled high in room 3087 of the Media Ministry of the German Democratic Republic. Men and women stood around chatting about the approach, next week, of Germany unity.

It should have been a celebration, an occasion, as Chancellor Helmut Kohl put it yesterday, for tears of joy. But it was more like a funeral.

Yesterday was the end of the last working week for nearly 25,000 East German state employees. When a giant German flag is unfurled over the Reichstag at midnight next Tuesday signalling the resurgence of a united Germany, their jobs will be wiped out in a stroke.

"The worst thing isn't the money. It's having worked 45 years for nothing," Mr Alfred Schreier, an official who joined the Communist Party in 1945, bitterly remarked.

Many East Berliners, handed dismissal notices in recent days, echo these sentiments. They are in no mood to celebrate.

A technical employee of the now-defunct Civil Defence Agency, who was loading a drawing board into his car, said he and others were in favour of unification but that it had come far too quickly.

"There's not much joy here. The middle class will see a sharp drop in living standards after October 3, which is not what we were told to expect last April," he said.

Mr Lothar de Maiziere, Prime Minister of East Germany for another four days, disagrees. He feels that the apparent despondency in some parts of the country was the product of exaggerated expectation. "To be honest, many East Germans want to continue working as they always have done, but also to suddenly acquire West German wealth and Swedish welfare standards."

The mood is less dejected in other parts of East Germany. "People in Dresden are more positive about the future than here, where so many worked for the central administration," said a Dresdner visiting East Berlin.

Halle, the fourth largest town in East Germany, has only 7,000 officially unemployed. The number will increase rapidly when the huge chemical companies, Buna and Leuna, start to shed jobs in earnest. But Mr Ahrens is sure that political pressure will prevent a complete closure of the chemical industry. "Mr Hans Dietrich Genscher, the (West German) foreign minister, comes from Halle," he winks.

At the farewell ceremony in room 3087 of the Media Ministry, Mr Wolfgang Ruh, the administrator, handed flowers, a small present and a cup of coffee to four employees in his department who were short, five years or less, of retirement age. They will receive 70 per cent of their present earnings for six months.

After that they and the other former state employees will swell the ranks of the East German unemployed, which will reach an estimated 750,000 by the end of this year.


Divided city, Page 2
Tale of two cities, Page 6


Chancellor Kohl rings the bell yesterday to start the last meeting of the West German Cabinet before reunification

# Tokyo in darkening mood as Nikkei reaches year's low

**By Michiyo Nakamoto in Tokyo**

THE MOOD of despondency that has plagued the Tokyo stock market this week turned to near-panic yesterday as share prices plunged to their lowest point for the year.

Amid mounting fears of Middle East conflict and higher interest rates at home, individuals and institutional investors alike stepped up their selling. They were seeking to minimise their losses or just break free from a market that seems to be on a relentless slide.

The widely followed Nikkei index of 225 issues has broken through three psychological barriers in as many days, falling nearly 12 per cent on the week. It finally closed yesterday at 20,983.50, down 44 per cent in value since its peak at the end of last year.

Despite the darkening mood, Kabuto cho, Tokyo's Wall Street, remains superficially calm. Most investors have taken the market's fall in their stride, and inclinations towards panic have largely been tempered by resignation.

"There is little hope for a recovery until the Gulf crisis is resolved," said one investor.

The Japanese economy remains buoyant and many investors accumulated substantial wealth while stock and property prices soared in the latter half of the 1980s.

"Many investors still have ample means to sit on their losses," said one fund manager. Few depend on the stock market for their daily bread.

The financial authorities have tried to minimise the pain. Requirements on margin transactions have been reduced and futures trading has been restricted. The brokers have had little success, however, in bolstering the market and there is a certain resignation on their part as well.

Japan's financial authorities, however, do not seem too displeased by the market's fall. Mr Yasushi Mieno, the Bank of Japan governor, yesterday expressed concern about the impact on the financial institutions of the market's sharp drop. He did point out, however, that Japan's financial institutions have massive latent profits stocked up from the past rise in the markets.

US and European stock markets took their cue from the slide in the Tokyo market in early trading yesterday.

Trading mostly improved later, though by the close virtually all markets showed an overall fall on the week.

On Wall Street, the Dow Jones Industrial Average fell nearly 50 points but shares recovered as traders took heart from slightly lower oil prices and a firm bond market. By mid-session the Wall Street index stood at 2,425, slightly below Thursday's close.

In London the FT-SE 100 index closed 18.9 down at 1,990.2. The bourses in Paris, Frankfurt and Amsterdam firmed after early losses.


World stocks, Page 19
London stocks, Page 13



Sir Bob Reid takes over next week as full-time chairman of British Rail. Richard Tomkins, the FT's transport correspondent, travels Britain's railways to see at first hand the formidable task Sir Bob faces. A series starts in the FT this Monday

## MARKETS

**STERLING**
New York lunchtime: $1.8735
London: $1.8735 (1.872)
DM2.935 (2.94)
FFr9.8225 (9.8375)
SFr2.4325 (2.4475)
Y259.0 (258.75)
£ index 93.3 (same)

**GOLD**
New York: Comex Dec $408.1 (410.8)
London: $404.75 (405.25)

**N SEA OIL** (Argus)
Brent 15-day Nov $39.125 (39.175)

Chief price changes yesterday: Page 22

**DOLLAR**
New York lunchtime:
DM1.568
FFr5.24875
SFr1.298
Y138.2
London:
DM1.568 (1.57)
FFr5.2425 (5.255)
SFr1.2985 (1.307)
Y138.25 (138.3)
$ index 62.9 (63.0)
Tokyo close: Y137.95

**US LUNCHTIME RATES**
Fed Funds 7⅞%
3-mo Treasury Bills: yield: 7.371%
Long Bond: 97 7/16
yield: 8.991%

**STOCK INDICES**
FT-SE 100: 1,990.2 (−18.9)
FT Ordinary: 1,535.7 (−12.4)
FT-A All-Share: 962.18 (−0.9%)
New York lunchtime:
DJ Ind. Av. 2,416.58 (−10.9)
S&P Comp 301.12 (+0.15)
Tokyo: Nikkei 20,983.5 (−788.41)

**LONDON MONEY**
3-month int'bk close: 14 11/32–14 1/2% (same)
Liffe long gilt future: Dec 82 11/32 (81 15/32)

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*UK Stock Market Report 0836 430001; FOREX 0836 430003; Bullion 0836 430000; UK Company News 0836 430002. Calls charged at 25p/minute cheap rate, 38p/minute at all other times. To obtain a free Cityline Share or Unit Trust directory, ring (071)-925-2128.*


Austria Sch24; Bahrain Din0.700; Bermuda $1.50; Belgium BFr55; Canada C$1.00; Cyprus C£0.80; Denmark DKr12.00; Egypt E£3.25; Finland Fmk8.50; France FFr7.50; Germany DM2.60; Greece Dr180; Hong Kong HK$12; Hungary Ft107; Iceland IKR160; India Rup15; Indonesia Rp3,100; Ireland I£0.80; Israel NIS3.50; Italy L2000; Japan Y800; Jordan JD1; Kuwait Fils.500; Lebanon £1,400; Luxembourg LFr55; Malaysia Rin4.25; Malta 40c; Mexico Pes300; Morocco Dh8.00; Netherlands Fl3.25; Norway Nkr12.00; Pakistan Rs35; Philippines Pso 40; Poland Zl 9000; Portugal Esc165; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta185; Sri Lanka Rup30; Sweden SKr12.00; Switzerland SFr2.60; Taiwan NT$65; Thailand Bht30; Tunisia Din0.800; Turkey L2000; UAE Dh7.00; USA $1.00.

# MacSharry accuses US of intimidation on Gatt

**By Kieran Cooke in Dublin**

MR Ray MacSharry, the EC Agriculture Commissioner, has accused the US of using "intimidation and threats" to undermine the EC's approach to reaching an agreement in the present crucial round of negotiations on the General Agreement on Tarriffs and Trade (Gatt). "The EC", said Mr MacSharry, "is on solid ground, and we must stick to it."

Mr MacSharry, speaking at a meeting on Gatt in Dublin, said he was particularly angry about recent statements reported to have been made by Mrs Carla Hills, the US trade representative, which suggested that if proposals at present before the EC Commission for a 30 per cent cut in agricultural supports in the 1986-96 period were approved, then the US would consider that the end of the whole Gatt process.

Mr MacSharry, the architect of the 30 per cent proposals, was last week forced to withdraw them, after they unexpectedly failed to win majority support from his fellow EC Commissioners.

Mr MacSharry's comments considerably raise the negotiating temperature between the EC and the US, in advance of what will be the final session of the present Uruguay round of the Gatt talks later this year.

The question of agricultural supports and subsidies has become the central issue in the present Gatt negotiations, with the US pressing for a 70 per cent cut in such supports between now and the year 2000, while the EC favours more modest proposals.

Mr MacSharry admitted that the US was so far winning "the propoganda war" on Gatt. He said it was vital for the EC to retain a united front in the run up to the final negotiations.

Mr MacSharry said his proposals were "very solidly supported" by Mr Jacques Delors, the President of the EC Commission. EC Commissioners are due to meet this Wednesday, to again consider Mr MacSharry's proposals, which are unlikely to be changed in any significant way.

Mr Frans Andriessen, the EC's External Relations Commissioner who has overall EC responsibility for the present Uruguay round of Gatt talks, wants the EC to make more concessions to the US and other trading partners on the agricultural front.

On a separate issue Mr MacSharry dismissed as "utter rubbish" the suggestion that he had acted in any way improperly in making representations to a former Dutch agriculture minister on behalf of Goodman International, Ireland and Europe's largest beef processor and exporter. "I make no apologies for my actions," said Mr MacSharry.

# Austere Italian budget aims at surplus

**By John Wyles in Rome**

ITALY was yesterday presented with one of the most austere budgets in its post-war history. It aims to take around L48,000bn (£2.3bn) out of the economy in 1991 through a combination of public assets sales, spending cuts and tax changes, including a capital gains tax on share dealings.

Economy ministers say the proposals are unavoidable if Italy is to bring both its inflation rate and budget deficit closer to EC averages and thus be part of the process towards economic and monetary union.

The budget is based on an optimistic forecast of an average $25-a-barrel oil price in 1991 which, if wrong, could burst its 5 per cent inflation target and lower the predicted 2.7 per cent growth rate.

However, the forecast outcomes would yield a cut in the budget deficit from 10.7 per cent of GDP this year, L140,000bn, to around 9.4 per cent (L132,000bn). This target would yield Italy's first budget surplus for well over a decade, of L8,100bn, net of interest payments on its debt.

Mr Guido Carli, the treasury minister, said after yesterday's cabinet meeting that such a surplus was necessary "to break the perverse sprial" of incurring new debt and interest payments every year which, generating more interest costs," make the situation no longer controllable."

Among the L20,000bn of targeted spending economies, the most politically sensitive issue will be drastic cuts in entitlement to free medicines – a privilege enjoyed by around 30 per cent of the population.

Other economies will come from a reduction in state loans to public companies, cuts in capital spending and a hoped-for saving on debt interest of around L3,000bn. Projected revenue increases come to L19,000bn through taxation and a further L5,500bn from sales of state assets – which are unlikely to be state companies.

The tax changes include attempts to clear up a variety of anomalies and exemptions as well as the now ritual declarations on limiting evasion.

# European security summit likely

**By Robert Mauthner in New York**

THE foreign ministers of 35 European nations, the US, the Soviet Union and Canada, are expected to give the green light here next week to a summit of their countries in Paris next month to lay the foundations of a new European security order.

The main obstacles to such a meeting, which will take place under the umbrella of the Conference on Security and Co-operation in Europe (CSCE) have been overcome at high-level talks between the US and the Soviet Union.

Following two meetings here between Mr James Baker, the US secretary of state, and Mr Eduard Shevardnadze, his Soviet opposite number, it now seems certain that an agreement on conventional force cuts in Europe (CFE) will be concluded shortly in Vienna.

The western countries have always insisted that the signature of a CFE agreement should be a precondition for holding the Paris summit.

The substantial progress made at the US-Soviet bilateral talks, which were held on the sidelines of the UN General Assembly meeting in New York, has been endorsed by the other Nato members. Moscow's Warsaw Pact allies will also have to put their stamp of approval on the provisional agreements which have been reached.

Following the US-Soviet talks, Nato and the Warsaw Pact now seem close to agreement on at least two of the big issues which have held up the CFE negotiations for many months.

A compromise has been reached on so-called "sufficiency levels" for forces – the maximum share of the total which any one country is allowed to hold. Up to now, the Soviet Union has insisted that this level should be as high as 40 per cent, while Nato has proposed only 30 per cent.

Though the compromise figure has not been disclosed by officials, it is understood to lie in the region of 35 per cent. This would mean in practice that the Soviet Union would be allowed to hold 14,000 tanks out of a combined total of 40,000 set for both alliances in Europe.

Officials said progress had also been made on two other stumbling blocks to a CFE agreement: the problem of which aircraft should be included and the establishment of geographical zones in which forces remaining in Europe would be stationed.

It now seems likely that aircraft will not be included in the main CFE agreement, but that a political commitment will be made to conclude an agreement on aircraft at a later stage.

Mr Ramiz Alia, the Albanian president, yesterday told the UN General Assembly that his country would like to be a full participant in the Paris summit.

# Pyongyang to resume ties with Tokyo

**By Stefan Wagstyl in Tokyo**

JAPANESE and North Korean political leaders yesterday pledged to establish diplomatic relations between the two countries, in the biggest step so far by Pyongyang to end 40 years of isolation.

The joint declaration is an abrogation of North Korea's long-standing refusal of official contact with countries which recognise South Korea. It comes amid signs of a growing rapprochement between Pyongyang and Seoul, inspired by the thaw in East-West relations.

The agreement was signed in Pyongyang by Mr Kim Yong Sun, son of North Korean leader Mr Kim Il Sung, Mr Shin Kanemaru, a leader of Japan's ruling Liberal Democratic Party and a former deputy prime minister, and Mr Makoto Tanabe, vice-chairman of the Japan Socialist Party. It followed four days of talks, which were given greater prominence in the Japanese media than events in the Gulf.

Because diplomatic relations have yet to be established, the talks were nominally conducted by the participants as representatives of three political parties – the Korean Workers Party, and the LDP and JSP from Japan. But government officials in Tokyo consider that Japan is committed to the agreement. In the declaration, the Japanese representatives committed Japan to paying compensation to North Korea for 36 years' of colonial rule to 1945 and for losses suffered in the ensuing 45 years.

# Budget unlikely to weaken peseta

**By Peter Bruce in Madrid**

THE Spanish government has stepped back from making big cuts in next year's budget despite the reappearance of strong inflationary pressures because of the Gulf crisis.

Mr Carlos Solchaga, the finance minister, said the country's $8.5bn (£4.5bn) public deficit would be cut next year by less than half to 0.9 per cent of gross domestic product. Mr Solchaga said he did not expect the measures to help weaken the strong peseta as most Spanish industry hopes.

The budget, presented yesterday, stops short of the big spending cuts the finance ministry had itself originally hoped for, suggesting that Mr Solchaga has been forced to compromise in the face of opposition from within the ruling Socialist Party.

Independent economists have been suggesting that without bigger cuts, the pressure on state borrowing to finance the deficit would continue to hold interest rates and the exchange rate higher than industry can bear.

Although imports have begun to slow considerably Mr Solchaga had, at the start of the Gulf crisis, begun to talk of eliminating the public deficit completely. He then raised his target to 0.5 per cent of GDP. The budgeted cut, from some 1.7 per cent to 0.9 per cent is, say economists, unlikely to be achieved, but the finance minister will have argued hard at least to hold the official target below 1 per cent of GDP.

Inflation, originally forecast at 5.7 per cent this year, would now climb to 6.8 per cent because of rising fuel prices, he said. Prices would rise 5.6 per cent next year. The economy would grow 3.5 per cent this year against 4.9 per cent in 1989 and would rise only 2.9 per cent next year, he predicted, thus signalling officially the virtual end of Spain's four-year economic boom.

He said the government expected high interest rates to hold internal demand growth to just 3.2 per cent next year, two points down on 1990. The minister also appears to have been forced to hold threatened indirect tax increases to only a small rise in petroleum tax.

# S Africa cuts military spending

**By Patti Waldmeir in Johannesburg**

SOUTH Africa has announced a new round of military cuts, representing a big reduction in defence spending.

Military officials said 16 army and air force units would be disbanded or amalgamated and a variety of military equipment withdrawn from service, part of a programme designed to adapt South African forces to a climate of peace in southern Africa.

Actual figures for the revised defence budget will be announced only when the 1991/92 national budget is made public next March. But Business Day, the Johannesburg daily, estimated there would be cuts of at least 5 per cent on the 1990/91 budget of R10.07bn (£2bn). Defence ministry officials declined to confirm this report. Last year spending on the armed forces was down by R1.8bn, a sharp cut in real terms.

Gen Jannie Geldenhuys, head of the armed services, said more cuts were likely before the end of the year as some projects were cancelled and others postponed. Training exercises would be scaled down and more weaponry withdrawn.

● Talks between representatives of the Angolan government and the Unita rebel movement on ending the country's 15-year-civil war, ended in Portugal yesterday with agreement on the international monitoring of an eventual ceasefire and a timetable for more negotiations at the end of October, writes Patrick Blum in Lisbon.

Mr Jose Manuel Durao Barroso, Portuguese foreign minister, said there was a consensus that a ceasefire could be monitored by the US, the Soviet Union and Portugal. This is an important concession by the Angolan authorities, who had previously resisted demands for international monitoring.

Progress also seems to have been made on the thorny issue of recognition of Unita as a legitimate political movement by Luanda.

# Mitterrand railroaded by TGV protesters

**By George Graham in Paris**

THE Train à Grande Vitesse (TGV), France's high-speed train, may be the country's most cherished technological achievement, but it appears to be too dangerous for a head of state – at least when there are angry farmers about.

President François Mitterrand tried to ride the 185mph train to Angoulême yesterday, to inaugurate a new stretch of the line that will eventually link Paris and Bordeaux. In the end, however, demonstrating farmers forced him to switch to airplane and helicopter.

"At least we saw the station," commented Mr Mitterrand, who did not get close enough to inaugurate the TGV line but did manage to give a presidential send-off to a vintage tourist steam train linking Angoulême and Cognac.

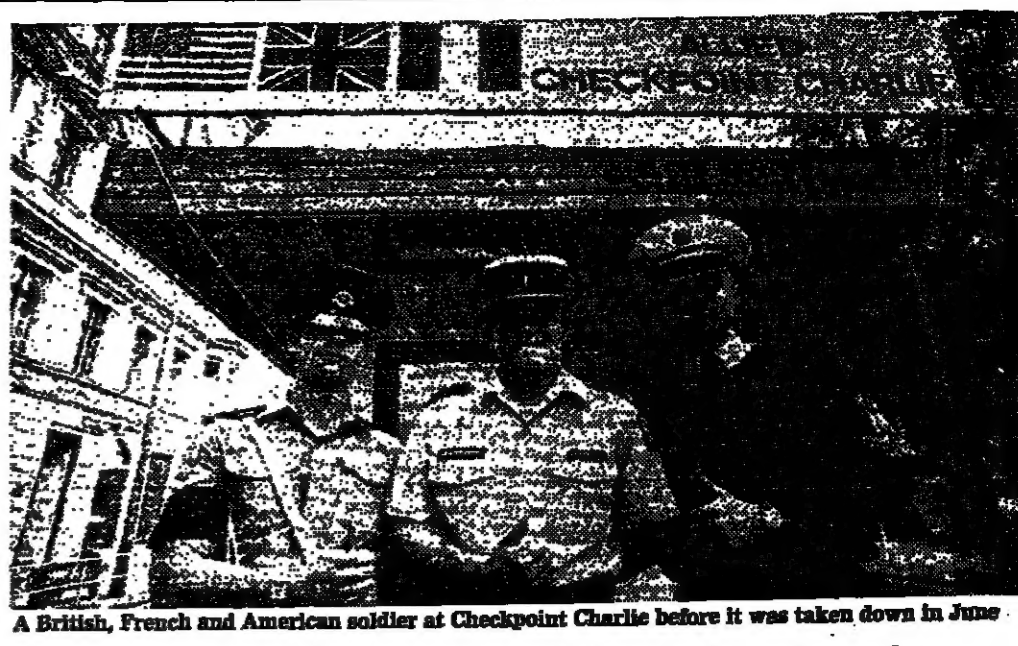
Protests have been mounting for weeks now in response to the financial catastrophe that looms before many livestock farmers, faced by drought, plunging prices for lamb and beef, and crushing debts.

Two successive emergency aid packages, costing the government a total of FFr1.55bn (£150m) have clearly failed to calm the farmers' anger. At first they took it out mostly on foreign meat lorries, then on the regional prefects.

Last week, they turned on the government, burning the official limousine of Mr Georges Sarre, the transport minister, and forcing Mr Michel Rocard, the prime minister, to be airlifted out of a Socialist Party seminar.

Yesterday, it was the turn of Mr Mitterrand himself, who showed his sympathy for the farmers' plight, while prudently keeping them at a distance by means of large quantities of CRS riot police.

Mr Mitterrand also called on the European Commission in Brussels to improve the organisation of farm product markets in Europe.



A British, French and American soldier at Checkpoint Charlie before it was taken down in June

# Farewell to a divided city as allied chiefs quit Berlin

**Leslie Colitt** watches the departure of the west's commandants

MAJOR-GENERAL Raymond Haddock, the towering US commander, Berlin, bade a moist-eyed farewell to West Berliners this week, closing an extraordinary 45-year chapter of western allied rule which began in the rubble of the vanquished enemy's capital.

The military occupation by the three western allies ends abruptly on Tuesday when East and West Germany unite. It had long since evolved into a pledge to defend 2m West Berliners from Soviet aggression.

But the once-vaunted 380,000-man Soviet army in surrounding eastern Germany, far from being a military threat, is faced with the prospect of mass desertions in a united, capitalist and Nato Germany as morale among the troops worsens. Both German and allied officials fear that a disintegrating Soviet Union could endanger the stability of the region.

Small wonder that the guests at Gen Haddock's glittering reception, which was modestly announced as a "thank you" to Berliners, reassured themselves that allied troops would remain in Berlin until the end of 1994, when the Russians are to have left. The Germans outdid one another, showering the general with gratitude for America's resolve and that of its allies to defend West Berlin over the decades.

"I feel sadness that the allies are leaving. Sometimes I think they managed to protect us from the Germans," Mr Joachim Bölke, editor of Berlin's Der Tagesspiegel newspaper and one of the reception guests, noted only half in jest.

"Without Reagan's far-sighted policy of toughness towards Moscow which made the Soviets realise their limitations we would still be dealing with Honecker [the former East German leader]," remarked Mr Wolfgang Kartte, head of the West German Cartel Office in West Berlin. What a contrast, he noted, to the narrow-minded bureaucrats in Bonn who were now battling tooth-and-nail against moving the all-German government to Berlin.

Western allied sovereignty in West Berlin and the rights of the allies in Germany end at midnight on Tuesday and will symbolically cease when the flags of the allies are lowered the next day in front of the allied headquarters in the Berlin suburb of Dahlem.

The rule of the western allies in West Berlin, which consisted largely of keeping a watchful eye on the Germans who actually governed the city, was well out of view to most citizens, although West Berlin mayors sometimes chafed over having to report regularly to the allies.

> Willy Brandt as mayor of Berlin was deeply offended by the overbearing attitude of the commandants

Mr Willy Brandt, who was governing mayor when the Berlin Wall was built, later commented how deeply offended he was by the overbearing attitude of the commandants, who regarded the wall as some kind of unfortunate accident.

But such incidents will be forgotten in the ceremonies on Tuesday when Maj-Gen Robert Corbett, the British commandant, hands over the last of the quaintly-colonial Commandants' Letters to Mr Walter Momper, the governing mayor of West Berlin and, soon, Greater Berlin.

With remarkable speed a West German commander has been appointed to head the first unit of the Bundeswehr to set foot in Berlin.

The departing commandants leave behind not only their troops but also their grandiose Berlin residences, which were expropriated by the allies in 1945. Maj-Gen Corbett takes leave of the British commandant's magnificent Villa Lemm, overlooking the River Havel which was built by a German shoe-polish maker and is being turned over to its owner, the district of Spandau.

The US commandant's sprawling home in Dahlem was built by Emil von Stauss, a pre-war director of the Deutsche Bank and one of the original financial backers of Adolf Hitler's rise to power. It reverts to German ownership, as will the allied Kommandatura and the enormous Allied Control Council building.

West Germany this year paid DM 1.5bn in occupation costs to support the allied military and diplomatic presence in West Berlin and will continue to pay towards keeping allied forces in the city. West Berlin was the ultimate in postings for allied diplomats and officers, providing often lavish homes with servants and chauffeur-driven cars, all of which were paid for by the Bonn government.

The Germans called on the allies to retain troops in Berlin until the Soviet Union removed its last soldier from eastern Germany. The allies agreed on condition that the Germans continue to help pay for their garrisons in Berlin.

With the end of allied jurisdiction in Berlin, however, the extensive former allied missions in West Berlin will become Berlin offices of their embassies in Bonn. Britain, France and the US still own their former Berlin embassy sites adjoining the Brandenburg Gate on Pariser Platz but have no plans to rebuild their old destroyed legations until the German government decides whether Berlin is to be the seat of government and not merely the nominal capital of a united Germany.

# Lafontaine cool on unification

**By David Goodhart in Berlin**

THE NEWLY united German Social Democrats may require a miracle to win the all-German elections on December 2 but Chancellor candidate Oskar Lafontaine yesterday made clear they would not go down without a fight.

Despite doubts about his candidature, especially from the East German wing, he was confirmed as candidate by 470 votes to four after a speech which gave no ground to unification euphoria.

In the first half of his speech he did not mention East Germany, or next week's unification, preferring to quote Polish and French anxieties about new over-confidence in Bonn.

He said the SPD would stand in the way of any attempt to play world power politics and he stressed Germany's obligations to the third world and international environmental protection, and the need to speed up European integration.

He repeated that there was no need for urgency in changing the German constitution to allow participation in UN forces. A senior SPD official confirmed that the party would agree to such a change only if the law controlling export of weapons was tightened.

Mr Lafontaine attacked the Bonn government for failing to set the right conditions for monetary union. "It has taken this government nine months to notice that the investment conditions in East Germany are worse than West Germany," he said, adding that a high deficit-high interest rate policy was discouraging investment in the real economy.

His speech was well received but did not resolve the doubts of those who see him as too radical and internationalist for East German voters, and too divisive a politician for a period of national turbulence.

# Ben Bella takes a gamble in a country desperate for a saviour

## The former Algerian president is untainted by association with those who have squandered the country's riches, reports **Robert Graham**

MR AHMED BEN BELLA has taken a huge gamble in returning from exile this week to Algeria.

For the past 25 years, the former president – who spent 15 years incarcerated in Algeria – has been a non-person, with his name never mentioned in public. Now nearly 74 years old, he is proposing himself as an elder statesman to save a country where the majority of the population are less than half his age, and who are living in a world radically different from the post-colonial era of the early 1960s when he was politically active.

"There comes a point in life when a man loses the driving selfishness of ambition and he just wants to do something useful," commented a chance Algerian acquaintance as the ferry carrying Mr Ben Bella back from 10 years in exile in Switzerland docked in Algiers on Thursday.

Oil-rich Algeria today is racked by shortages of the most basic items. The apparatus of an authoritarian one-party state, controlled by the corrupt bureaucratic National Liberation Front (FLN), is collapsing amid serious social tensions. This Maghreb nation is still searching to establish its complex identity, steering uneasily between the secular and the religious, while burdened with a heavily mythologised revolutionary struggle for independence.

Mr Ben Bella's reclusive years, sustained by the teachings of the Koran, have bred a view that a tolerant Islam influenced by socialist ideals provides the answer. And the man overthrown by a coup in 1965 for becoming a demagogue and bankrupting his country is convinced he can do something useful. It would be an extraordinary turn of the circle if he became Algeria's leader again.

Only a few months ago, he talked of forming part of a three-man council of wise men to preside over a democratic transition. He now seems to have concluded that however much he might have preferred to direct that stage he either stay silent or try for centre stage. His first public speech was a ringing indictment of the corruption and incompetence of the government of President Chadli Ben Jedid.

The latter too has taken a risk in allowing him back and opening up the political system. But senior officials believe Mr Ben Bella is yesterday's man who can be blamed for many of the country's current ills. He nationalised the economy right down to the laundries. He encouraged the chaotic takeover of French colonial land, laying the foundations for "self-managed" farms that have blighted agricultural development. Mr Ben Bella also began the FLN's path towards authoritarianism and several skeletons in the party's cupboard during his three-year presidency could be exhumed.

Ben Bella: some believe the former president may remain yesterday's man

"He has the wrong kind of friends for today in the Arab world and his company when a third world leader no longer commands much respect," commented an Arab diplomat. He has sided openly with President Saddam Hussein of Iraq and Colonel Muammar Gadaffi, the Libyan leader, both of whom are rumoured to have helped fund his exile.

Meanwhile Algeria's oil and gas revenues benefit directly from the Gulf crisis (each dollar rise in the per barrel oil price adds $500m in a full year). His views are still tinged with the pan-Arabism of Nasser – extracts of a speech by the late Egyptian leader were played during Ben Bella's arrival on Thursday.

His programme is built round the idea of forming a national consensus. But his economic ideas almost ignore the government's radical plan to introduce a more open market-orientated economy. Instead, he talked of revitalising agriculture, hinting that the large co-operatives could be broken up in favour of smallholders. The state would continue to control oil but greater initiative would be given to small and medium-sized private businesses. The impoverished masses are his priority and main perceived source of support.

President Chadli's supporters believe Mr Ben Bella's appearance will divide the opposition, especially the nascent Islamic Salvation Front (FIS), in next March's parliamentary elections. The FIS picked up 53 per cent of the vote in July's municipal elections.

After flirting with the FIS, of late Mr Ben Bella has distanced himself from their fundamentalism. He hopes to siphon off a sizeable part of their following which he believes existed in the absence of an alternative. He is convinced he can pull people away from the rump of the FLN to fashion a broad centre-left platform.

Yet even those close to Mr Ben Bella in his recently-formed Algerian Democratc Freedom Movement (MDA) are uncertain of his impact after a welcome which they hoped would be more widespread and enthusiastic. But he remains the one politician with a genuine common touch and Algerians may yet wish to remember solely the positive aspects of his past. His imprisonment without charge in Algeria from 1965 to 1980 and subsequent exile have left him untainted by the popular anger over the squandering of the country's wealth. Such credentials cannot be ignored in Algeria today, desperate for a saviour.

## INTERNATIONAL NEWS

# World leaders gather for summit on plight of children

### Victims of murder, ill health and slavery, many of the world's 2bn children get a raw deal, reports Michael Littlejohns

FORTY thousand children will die in the next 24 hours from easily preventable illness; this year alone about 14m under-fives will die.

Millions of other children live in misery, sick, poor and ill fed. This is not an exclusive phenomenon of the impoverished Third World. In a rich country like Canada it is estimated that one child in six goes to bed hungry; millions of American children live below the poverty level.

At the UN this weekend, more than 70 world leaders, from Albania to Zimbabwe, are meeting to commit themselves to international action to stop a universal tragedy.

This World Summit for Children is the biggest gathering of heads of state and government in history. If there were no Gulf crisis their number would be even bigger. Egyptian President Hosni Mubarak, one of the six organisers, as well as King Fahd of Saudi Arabia and King Hussein of Jordan, will not be able to attend. President George Bush is cutting his participation to an hour or so in tomorrow's day-long deliberations.

Except for South Africa's President F. W. de Klerk, all of the world's leaders were invited. Iraqi President Saddam Hussein declined shortly before his troops lunged into Kuwait, but the deposed Kuwaiti ruler, Sheikh Jaber al-Sabah, is expected to attend.

Children, 2bn of them aged under 16, form the largest single segment in a world population of more than 5bn.

The UN Children's Fund has assembled a host of depressing statistics. According to its projections, within a typical group of 100 children, six will die in their first year, three more will be dead before the age of five and 28 others will suffer the enduring effects of preventable illness and malnutrition.

While 85 will go to primary school, 30 will drop out, mainly because of family poverty. Only 32 will complete secondary education. Close to half of all the children born in this decade will be at best functionally illiterate. This is bad enough, but there is worse.

In India and other parts of south Asia 75m children are said to live in servitude – sold into near slavery by their desperately poor parents. Child prostitution is a profitable industry – for the pimps – in countries such as Thailand and the Philippines.

Brazil has one of the largest populations of so-called street children and untold numbers of them have become victims of murderous, gun-toting clean-up squads. Children are among the most numerous victims of Colombia's drug wars.

In New York, shootings in territorial battles among drug dealers routinely take the lives of innocent child bystanders caught in their crossfire.

Aids is a new, worldwide hazard for children. The UN estimates that by the end of this century the scourge will have killed 2.5m children in 10 east and central African countries alone. Five million more may be orphaned by the epidemic.

In any group of 61 pregnant New Yorkers, one is infected with the virus, ready to pass it on to her child.

Commonplace ailments of childhood that today seldom kill in developed lands cause millions of child deaths in the Third World where inexpensive immunisation – as little as $5 per person – is unavailable.

The UN has begun a global campaign to reduce statistics like these: during the two-day summit 2,800 will die from whooping cough, 8,000 more from measles, 4,000 from tetanus, 5,500 from malaria, 22,000 from diarrhoea and 12,000 from pneumonia.

An objective of the summit is to get more countries to ratify the Convention on the Rights of the Child, adopted by the UN General Assembly in a landmark decision last November and already in effect.

As well as the world leaders, many celebrities have lent their names and talents to the weekend events. Stevie Wonder's song "Keep Our Love Alive", written to mark the release of Nelson Mandela, is to have its first public performance by the author. Unicef goodwill ambassadors Audrey Hepburn, Peter Ustinov, Liv Ullmann, Harry Belafonte and Imran Khan, the Pakistani cricketer, will take part in the extravaganza.

Security for the event is a nightmare, with such participants as Mrs Margaret Thatcher regarded as at specially high risk. Except for the summiteers and their most senior assistants, no one will be allowed in to the United Nations after 6am tomorrow. The proceedings, however, will be carried live on television.

The police have warned New Yorkers to expect monumental traffic snarls and it is estimated that just to get the leaders into the United Nations building will take up to two hours because of protocol formalities.


Ashley Ashwood

A boy at a water pump in Rajasthan. In India 75m children are said to live in servitude

## New York lawlessness takes its toll of children

**By Michael Littlejohns**

IN New York city, where illicit gun ownership is routine despite what officials proudly claim are the strictest firearm controls in the US, eight innocent child bystanders have been shot dead so far this year.

Last Sunday a 12-year-old girl combing a friend's long hair in the grassy courtyard of a low-cost housing project was killed by a bullet from a rooftop or window; a 9mm slug pierced her heart and a lung.

Police believe the killer was aiming at a cluster of children and was too far away to have been able to target a particular child.

Many others have survived random firing or outright gun battles, often among drug dealers or quarrelling families.

A police spokesman said yesterday he had no statistics about child survivors; there were only records of deaths. Most casualties, many of them black and Hispanic, were unknown to their assailants and in several cases were simply caught in crossfire.

Although statistically not the country's most crime-ridden city, New York is one of the worst for violence against children and adolescents.

## Hurd holds talks with Iranian minister

**By Robert Mauthner**
in New York

THE decision of Britain and Iran to resume diplomatic relations was consecrated yesterday by a first meeting between their two foreign ministers.

At talks lasting 30 minutes, both Mr Douglas Hurd, the British foreign secretary, and Mr Akbar Velayati, his Iranian opposite number, expressed their "pleasure" at the resumption of relations following an 18-month break.

The discussions had been "very constructive", Mr Hurd said. Nevertheless, outstanding bilateral problems, such as the Iranian *fatwa* (death sentence) against the Indian-born writer Mr Salman Rushdie, and the case of Mr Roger Cooper, the British businessman imprisoned in Tehran, were not discussed in detail.

Mr Hurd expressed his conviction, however, that the Iranians would use their "humanitarian influence", as they have promised, in these and other matters, such as the British hostages held by Islamic extremist groups in Lebanon.

Officials of the two countries will begin to work out the details of the re-opening of their respective embassies in London and Tehran in a month, British officials said.

Mr Velayati also reiterated to Mr Hurd his government's backing for UN sanctions against Iraq. While underlining the difficulty of policing the long Iran-Iraq border, where smugglers are constantly active, Mr Velayati was understood to have assured Mr Hurd that Iran would do its utmost to see that no goods slipped through.

## China opposes force in Gulf

**By Michael Littlejohns,** UN Correspondent, in New York

CHINA said yesterday it opposed any resort to force in the Gulf crisis, called on all sides for restraint and urged a settlement through negotiations.

The last of the five permanent members of the Security Council to address the UN General Assembly, Mr Qian Qichen, the Chinese foreign minister, condemned Iraq's occupation of Kuwait as "entirely impermissible".

Noting that China supported all nine Security Council resolutions adopted in the crisis, he said these were being strictly implemented despite heavy losses incurred by Peking in enforcing the UN embargo.

He called on Iraq to respond to Arab mediation efforts as well as those of the UN secretary general and withdraw its forces immediately to restore Kuwaiti independence and sovereignty.

Meanwhile in a bid to return attention to the Arab-Israel conflict, Yemen yesterday proposed an urgent meeting of the Security Council to consider the situation in the occupied West Bank and Gaza.

Diplomats said they expected a session next week when Sir David Hannay, Britain's new chief representative, will be the council president.

Another speaker in the General Assembly yesterday was Mr Ramiz Alia, the first president of Albania ever to appear at the United Nations.

He accused Yugoslavia of conducting "an open policy of genocide" against ethnic Albanians in Kosovo and said that crimes were being committed that would have been monstrous even in the Dark Ages.

● Bahrain and the Soviet Union were to announce yesterday that they had established diplomatic relations, a Bahraini newspaper said, Reuter reports from Bahrain.

## Britain calls in Iraqi ambassador

**By John Authers**

IRAQ'S ambassador to London was summoned by the Foreign Office yesterday to clarify reports that his country intended to deny food ration coupons to foreigners from Monday.

The Foreign Office said the ambassador was told that reports that the Iraqi authorities would not allow foreign nationals to buy food from next week were "disturbing".

The ambassador, Dr Azmi Shafiq al Salihi, said he had to consult with the Baghdad authorities further.

UK officials said Iraq had "a firm commitment to feed foreign nationals under international humanitarian law", and persisted in pressing Iraq to make its intentions clear.

According to an Iraqi information minister, foreigners will not be given coupons to buy food at fixed prices. Rationed goods, including rice, bread, sugar, tea, milk, cooking oil and detergent, can with difficulty be bought on the black market, but at high prices.

Iraq claims that it has been forced into rationing by the United Nations' "imperialist blockade".

## Bush gives personal backing to Emir

**By Peter Riddell,** US Editor in Washington

PRESIDENT George Bush yesterday expressed strong personal support for the exiled ruler of Kuwait and the restoration of his government when he met him at the White House.

After their meeting Mr Bush promised that Kuwait's "sovereignty and territorial integrity will be restored." Proclaiming that "free Kuwait will endure," he looked forward to visiting the ruler and his people in their country.

Mr Bush's meeting with Sheikh Jaber al-Ahmed al-Sabah and his comments were a clear signal that the US still regards him as the legitimate ruler of Kuwait who should be restored.

Some leading congressmen have suggested that the US aims in the Gulf crisis should focus on the unconditional withdrawal of Iraq and leave open questions about the future government of Kuwait. They have argued that putting undemocratic sheikhs back on their thrones is not the job of a US president.

Mr Bush praised Sheikh Jaber's speech to the United Nations general assembly on Thursday when he received a rare standing ovation from delegates. He said: "That was a marvellous message and was a tribute to your perseverance and determination. I thought it showed that the world was strongly supportive of what we all are trying to do. It sent a good strong signal."

The exiled Kuwaiti government will next week send the first instalment of the $2.5bn pledged to help finance the US military presence in the Gulf.

Mr Bush is due to discuss the Gulf situation over the weekend with nearly 20 other heads of government when he visits New York for the UN children's conference and for his speech to the General Assembly on Monday. He will have dinner on Sunday with Mrs Margaret Thatcher.

## Support staff will boost British troop numbers

**By David White,** Defence Correspondent

BRITISH ground forces being sent to Saudi Arabia will exceed the original estimate of between 6,000 and 8,000, officials said yesterday.

This was because they would need to provide almost all their own logistic support, including workshops and hospitals.

Equipment for the 7th Armoured Brigade, the first British ground forces to be sent to the Gulf, was being loaded yesterday at Bremerhaven and Emden in northern Germany and Marchwood in southern England.

The first shipments come two weeks after the government announced it would send the German-based brigade.

Fifteen merchant ships have been chartered to help transport the British force. Only one is British-flagged, because of a lack of offers, according to officials.

The chartered fleet includes eight roll-on/roll-off vessels for the brigade's 120 Challenger tanks and other heavy equipment. The rest are container and general cargo ships.

The Ministry of Defence also plans to charter wide-bodied commercial jets to ferry forces to Saudi Arabia. This is aimed at leaving the RAF's transport fleet with enough flexibility to continue supplying other foreign garrisons, such as the Falklands.

The loading of seaborne equipment is expected to last about a week, with the first heavy armour arriving in Saudi Arabia in three weeks. The main party of troops is due to fly out in mid-October.

The officials said the British force, due to become operational in mid-November, would be deployed "fairly forward" in north-east Saudi Arabia, but separated from the border by a screen of Saudi forces.

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# CBI tries softer approach to Major on interest rates

**By Ian Hargreaves**

THE Confederation of British Industry yesterday renewed its clamour for lower interest rates but has written privately to the chancellor assuring him that it has no desire to "second-guess" the timing of any cut.

Sir Brian Corby, president of the CBI, rounded on those who have accused the employers' organisation of peddling gloom – Mrs Thatcher joined those critics on Wednesday – in a robust speech in Newcastle.

He said: "I don't find it helpful to suggest that the lookout on the boat who points out that there are rocks ahead is whingeing."

Sir Brian said that with clear evidence of an impending recession, Mr John Major should look at the CBI's next quarterly industrial trends survey in late October "before making any decision on interest rates. With the need to keep continued downward pressure on inflation, any cut would have to be small and any additional reductions gradual."

If the government continued to rely upon its own out-of-date statistics rather than CBI surveys, he said, "The depth of the recession and the pain we have to experience in squeezing out inflation could be much more severe than it needs to be."

However, in a private letter to Mr Major, Sir Brian has struck a more conciliatory note. He carefully avoids using the word "recession", to which the prime minister has objected, and says the CBI does not want an immediate cut in interest rates.

He says: "We well recognise that the timing questions are extremely difficult and we have made it very clear to our members that we did not think it would be appropriate to try to 'second-guess' you."

In attempting to soothe relations with the chancellor, Sir Brian is reflecting concern among some of his members at a perception that the CBI is not standing four-square behind the government's economic policies and the fight against inflation.

Mr John Banham, the CBI's director general, has meanwhile told the Financial Times that he will not seek a second term in office when his five-year contract expires in March 1992, unless there is a change of government. Were Labour to win, Mr Banham said, there would be a case for continuity at the top of the CBI.

Man in the News, Page 7

# Kinnock lauds 'excellent victory'

**By Alison Smith**

MR NEIL KINNOCK, the opposition leader, yesterday called the party's success in holding its safe seat of Knowsley South "an excellent victory" even though only about a third of the electorate voted.

The 33.5 per cent turnout is the second lowest for a by-election since 1945. The Labour majority fell from more than 20,000 at the 1987 general election. But Mr Eddie O'Hara, the new MP, still had a comfortable margin of 11,367 over Mr Leslie Byrom, the Conservative candidate, who polled only 3,214 votes. Labour officials said the turnout was low because electors saw Knowsley South as such a safe Labour seat.

However, a by-election in the nearby and equally safe constituency of Bootle in May, which coincided with the local elections, produced a turnout of about 50 per cent.

The Tories' share of the vote fell this week from almost 22 per cent in 1987 to 15 per cent. Party managers will be concerned at how few of their supporters bothered to vote.

For the Liberal Democrats, who had hoped to take second place from the Tories, Ms Cathy Hancox polled only 1,809 votes. That was 5 per cent less than the Alliance share of the vote in 1987.

Mr Charles Kennedy, the Liberal Democrats' president, said this week's result was "very respectable".

The by-election was caused by the death three months ago of Mr Sean Hughes, an opposition defence spokesman and MP for Knowsley South since 1983.

# Industry told to share the pain of fighting inflation

**By Ralph Atkins**

SIR Geoffrey Howe, the deputy prime minister, yesterday attacked prophets of "doom and gloom" in industry and said companies had to accept the "short-run pains" of conquering inflation.

Joining government attempts to stem the anxiety about a possible recession in Britain, Sir Geoffrey said monetary policy had to remain tight to combat inflation. Currency devaluation was "not a responsible option".

What Britain needed was not a falling pound but a more stable pound, he said. Joining the European exchange-rate mechanism, in due course, would help to secure that.

Sir Geoffrey told businessmen in Bristol that industry risked "talking itself into a completely unjustified mood of doom and gloom".

He said the government recognised the long-run needs of business, he said. But industry was "in far better shape" than a decade ago and "must realise the need for all of us to accept the short-run pains of reconquering inflation".

Sir Geoffrey specifically attacked those who argued for lower interest and exchange rates and who said the government gave too high a priority to controlling inflation. "That is a very strange charge indeed when surely the principal message of the last 30 years is that, if anything, we have not attached enough importance to systematically extirpating the inflationary virus from the UK body politic."

Sir Geoffrey argued that low interest rates had to be earned. "Some of our problems today are caused by the fact that interest rates were allowed to fall too low two years ago."

He also echoed Mrs Thatcher's call earlier this week for excessive pay rises to be curbed, saying both managers and workers had to control unit labour costs.





## NEWS IN BRIEF

### Lyons will appeal over conviction

SIR Jack Lyons, the 74-year-old City financier who was fined £3m this week for his part in the Guinness share support scandal, yesterday lodged an appeal against his conviction.

Sentencing him on Tuesday at Southwark Crown Court, Mr Justice Henry said he would not send him to jail because prison might kill him.

Sir Jack's three co-defendants – Mr Ernest Saunders, the former Guinness chairman; Mr Anthony Parnes, a stockbroker; and Mr Gerald Ronson, head of the Heron Corporation – have all lodged appeals against conviction and sentence.

### Mill closure date

BRITISH STEEL yesterday told shop stewards at its Ravenscraig complex near Glasgow that the hot strip mill would close on April 5 next year. The bitterly contested decision will mean the loss of 770 jobs.

Lanarkshire, where Ravenscraig is located, has an unemployment rate of 12 per cent.

### Poll tax shortfall

LOCAL AUTHORITIES in Scotland are £107m short of the amount of poll tax they need to collect, the Convention of Scottish Local Authorities (Cosla) said yesterday. It warned that there would be huge increases in next year's tax unless those in arrears paid up.

A Cosla survey showed that only £289m had reached councils throughout Scotland since April, and nearly £770m remains to be collected before the end of the financial year.

### Print pessimism

BRITISH printing companies are facing their worst outlook for several years, according to a survey released yesterday by the British Industries Printing Federation. The survey found pessimism in the industry was at its worst since the survey began in 1984, with almost two-thirds of the industry working below capacity at what is normally its busiest season.

# North-west faces tough times

**Hazel Duffy** reports on an area where manufacturing still rules

EVERY movement of the dollar gives Mr Jeff Livesey a jolt. De-stocking is a word Mr David Rigby would rather not hear. The "peace dividend" brings no comfort to Mr Ross Bradley.

The three are directors of manufacturing companies in the north-west of England. Each confirms, for different reasons, that the going is tough.

Mr Livesey is managing director of Cobble, which makes machinery for tufted carpets; Mr Rigby managing director of Alan Cooper, office furniture makers; and Mr Bradley plant director at Samlesbury, part of British Aerospace's military aircraft division.

All are based in the ribbon of Lancashire stretching east from Preston to the North and West Yorkshire borders, where nearly half the working population is in manufacturing.

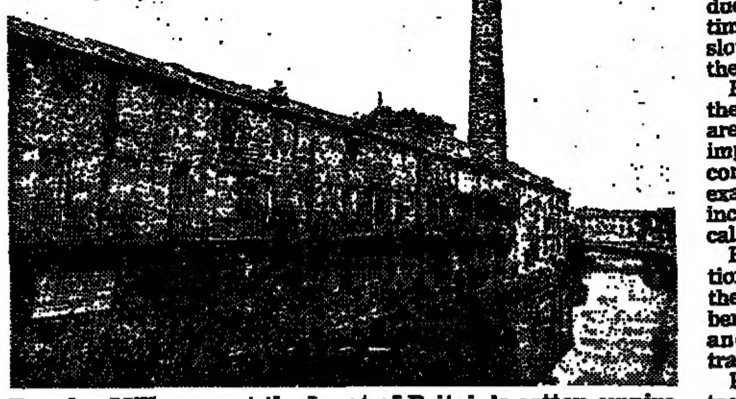
The squeeze on consumers that followed the credit expansion in the second half of the 1980s has taken a direct toll on manufacturers in this part of Lancashire.

In the past few months, some companies in the area have closed plants, others have curtailed expansion plans, cut staff and suspended investment. At Cobble, that meant 80 redundancies out of 400 staff. At Alan Cooper, 35 were made redundant out of 150.

East Lancashire has learnt bitterly the need to be competitive. Towns such as Blackburn and Burnley once echoed to the deafening noises of the cotton mills. Lancashire, the centre of Britain's cotton industry a century ago, lost its core industry in the face of competition from cheaper imports. Where textiles still thrive in Lancashire, they are often in the hands of the large Asian minority in the Blackburn area.

Yet many smaller companies have grown out of the aftermath of the last recession. Start-ups got going in the enterprise zones. As in other parts of Britain, some went under, others have survived and expanded.

Many companies in the area believe they have been paying the price for the get-rich-quick City and the inflated property values in the south-east of England.



Burnley Mill: once at the heart of Britain's cotton empire


BRITAIN FEELS THE SQUEEZE

For Mr Livesey at Cobble, the immediate question is whether the carpet machinery maker can maintain its market share. The company is leaner and more efficient than a year ago. But Mr Livesey's worry is that rival US machinery makers will take advantage of the declining dollar and turn their sales teams on to his customer base.

The market for carpet-making machinery is "mature," says Mr Livesey. Machines now produce more carpet, and customers need fewer machines. Cobble is a private company and has a sister plant in the US. More than 90 per cent of output is exported from the Lancashire plant.

The customers are spread widely – in China, the Soviet Union, Saudi Arabia, for instance. Each currently has difficulties, while Belgian carpet makers, a very important part of the market, have suffered badly because of depressed British demand for low-priced carpets. Germany, however, is holding up well, and there are signs that demand is strengthening elsewhere.

Larger companies can be slower to adapt to external changes. Samlesbury, with 3,500 employees, is one of three British Aerospace plants in Lancashire in the military aircraft division.

Profits from the division are going up, but the long-term outlook is not as positive. Thirty-three Tornado aircraft have been cancelled by the Ministry of Defence. A Saudi contract that would include Tornados is still uncertain. There are still no guarantees that the planned European Fighter Aircraft will go ahead.

To compensate, more civil aircraft work is sought at Samlesbury, and more diverse applications of the work on advanced materials carried out at the plant.

Samlesbury is also in the eye of another transition. Building pieces of aircraft was thought somehow superior to more mundane engineering products. With the work underpinned by cost-plus contracts from the Ministry of Defence, the attitude at the plant was one which Mr Ross Bradley, director of Samlesbury, describes as "arrogant". Fixed-price contracts and privatisation of aerospace have changed all that. Survival demands that the company be internationally competitive.

Quality is a concern that is at last being addressed. A continual quality-improvement programme has been introduced. "The traditions of a lifetime," says Mr Bradley, "are slowly being broken down" on the shop floor.

British Aerospace is one of the biggest employers in the area. It is also one of the most important in terms of its total contribution. Training is an example. Increasingly, it will include managerial and technical training for employees.

Big companies have traditionally been expected to hold the training torch. The numbers that they employ, though, and hence the numbers trained, are in decline.

Philips Components recently teamed up with Blackburn College to fund a flexible training centre on a site next to its plant, which is proving popular with outsiders.

Alan Cooper was a management buy-out in the early 1980s, floated in 1987 – but claims always to have been keen on training. The company was one of the founders 20 years ago of the North Lancashire Training Group.

Alan Cooper, which deals almost exclusively in the UK, found sales increased steadily as it successfully exploited the growth market for furniture which accommodates computer equipment.

British employers became generally more furniture-conscious. Encouraged, the company commissioned a new plant within a few miles of the old Courtaulds mill in Todmorden, which is its main factory. The £2.5m programme was financed from cash flow.

High interest rates are still important to the company, however. Distributors have de-stocked, turnover is down, and profit margins have been squeezed.

Not all its customers are postponing purchases; a clearing bank recently confirmed a big order with Alan Cooper to supply furniture as part of the refurbishment of its offices.

Mr Rigby, managing director, cannot say where the market is going in the current economic circumstances. His view echoes many of Britain's manufacturing bosses grappling with the uncertainties of the downturn.

# Company deficits double, CSO reports

**By Rachel Johnson,** Economics Staff

THE CORPORATE sector's profits are falling, its financial deficit has almost doubled and its borrowing has been severely reduced by the current economic slowdown, figures released yesterday indicated.

The Central Statistical Office said UK companies' financial deficit in the second quarter of 1990 stood at £10.2bn, compared with deficits of £8.2bn in the first quarter and £5.2bn the year before.

Gross trading profits were £15.3bn, slipping by 1.7 per cent between the first and second quarters of the year. Dividend payments fell by 23.4 per cent over the same period.

The CSO said capital investment in fixed assets remained at a high level of £13.1bn, 14 per cent up on the year before. But total receipts from industrial and commercial companies were £3.9bn, 50 per cent lower than the year earlier.

The slowdown in the corporate sector was mirrored by a rise in savings. CSO figures showed that UK consumers were spending less and saving more of their income as a consequence of almost a year of high interest rates.

The savings ratio – personal savings as a percentage of total disposable income – rose to 7.7 per cent in the second quarter, after a revised 7.4 in the first. The size of the quarterly increase was concealed by an upwards revision from the first quarter figure from 6.1 per cent to 7.4 per cent.

Mr Don Smith, UK economist at Midland Montagu, the investment house, said the quarterly rise was "quite huge". The use of high interest rates to encourage spending and prohibit borrowing was evidently paying off, he said. It was not clear whether the incentives announced in the budget to promote savings were yet having a perceptible effect.

High wage settlements between April and June were clearly feeding into the estimates for personal income and expenditure. Personal income before tax rose by 3.4 per cent on the quarter, stimulated by a drop in the amount of miscellaneous items deducted from salaries.

However, the CSO said those last estimates had been rendered "completely meaningless" by treating the poll tax separately as a deduction from income.

# Rise in Midlands companies with output below capacity

**By Paul Cheeseright,** Midlands Correspondent

OUTPUT at two thirds of the manufacturing plants that belong to the Confederation of British Industry in the West Midlands has fallen below capacity levels, according to the CBI's West Midlands regional council.

The quarterly meeting in Birmingham yesterday was given evidence of the region's economic downturn from a CBI poll of about 40 companies. Mr Edward Roberts, the new chairman of the regional council, said the poll result was a fair reflection of conditions in the region.

A year ago, said the CBI, only a third of manufacturing companies in the West Midlands were working below capacity.

Over the same period, there was no shortage of skilled labour acting as a constraint on production levels.

In recent months, however, there have been lay-offs as the size of domestic order books has diminished and export possibilities have been eroded by the strength of sterling.

Mr Roberts said CBI members were fed up with uncertainty and demanded a clear signal from the government about the future course of interest rates.

He refused to compare the present downturn to the recession of the early 1980s but instead likened the situation of companies to being at the bottom of a hill but not knowing the gradient.

"Some companies will not get to the top," he warned. "We've got a jolly difficult winter ahead of us."

# New twist to incentives in electricity flotation

**By Clare Pearson**

PRIVATE investors who opt to receive bill vouchers as incentives in the flotation of the 12 regional electricity companies of England and Wales in November will be sent them before they are asked to make a second payment on the shares.

That means they will be able to use them against household bills but still sell their shares before paying the second instalment on the share issue price.

The timing of the bill voucher issue is a departure from previous practice, which was aimed at encouraging private investors to hang on to their shares.

In the case of electricity, the initial issue of vouchers is expected during next summer. The second payment date – put back because of the planned sale of the rest of the electricity industry during next spring and early summer – is likely to fall during the autumn.

Shareholders who opt to receive bonus shares are likely to have to wait for about three years before receiving them, as has been normal in previous privatisations. Issues of vouchers to investors buying larger amounts of shares will also be spread over a longer time span than those buying the smaller quantities, making it worthwhile for them to pay the second call.

● More than 1m callers have registered interest in buying shares in the electricity companies by contacting the Electricity Share Information Office.

# Urgency added to Ulster talks

**By Ralph Atkins**

MR Peter Brooke, Northern Ireland secretary, said yesterday he hoped the remaining obstacles towards starting talks on the province's political future could be overcome "well before Christmas".

Speaking after a meeting in London with leaders of the mainly Roman Catholic Social Democratic and Labour Party, Mr Brooke said: "We're at a stage where everybody must be familiar, almost to the point of exhaustion, with the issues we've got to talk about."

Mr Brooke, who in January began trying to persuade Northern Ireland's political leaders to start talks, was careful not to set a timetable. In July, after last-minute disagreements with the Irish Government, he failed to meet a self-imposed deadline for making a statement to the House of Commons. Earlier this month, in Ballymena, Northern Ireland, he said that he may have to "set the pace and show the way".

He said yesterday: "I do think that the agenda is fairly familiar. If, therefore, we were going to be able to make progress we would be seeking to do it well before Christmas."

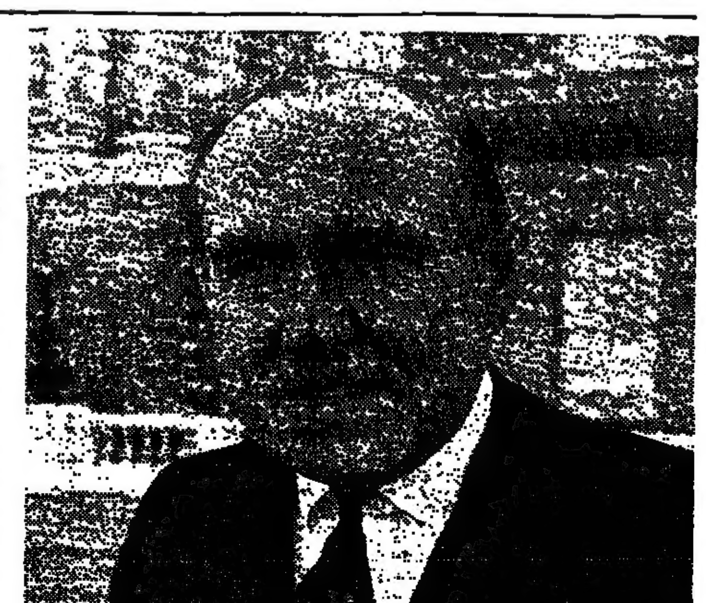
Since resuming the "talks about talks" this month, Mr Brooke has met Mr Gerry Collins, the Irish foreign minister, and is expected to meet leaders of the Unionist parties probably next week.

He envisages that the talks would look at re-working the 1985 Anglo-Irish Agreement; links between Northern Ireland and the republic; and alternative forms for government in the province.

After his meeting with the Secretary of State, Mr John Hume, SDLP leader, was optimistic that progress could be made. He emphasised that the talks must address all aspects of the conflict in Northern Ireland.

"We are willing to look at any means of expressing those relations satisfactorily," he said.

A GROUP of Mohawk Indians will today join the biggest parade of Orangemen seen in Northern Ireland for more than 100 years. The demonstration, which has attracted Orange Brethren from Ghana, Togo, Australia, New Zealand, the US and Canada, is the climax of celebrations marking the tercentenary of the Battle of the Boyne.



Trevor Humphries

Peter Brooke hopes for progress well before Christmas

# Quality of directors called into question

**By Simon Holberton**

FAILURES among high-profile public companies has raised questions about the quality of their board of directors, Sir Adrian Cadbury, chairman of Pro Ned (Promotion of Non-Executive Directors) said yesterday.

In the annual report of Pro Ned, the Bank of England sponsored body, he also called on big City investors to be more active in promoting independent boards.

Referring to Polly Peck, he said its present difficulties underlined the need for the board's independence. Shareholders, he said, could have agitated for a different board structure at its annual meeting.

It was not good enough for outside directors to be the company's bankers, lawyers, former employees and friends, Sir Adrian said – they needed to be independent and selected for that quality, not via an "old boy" network.

He said that the publicity given to the remuneration of senior executives "has also highlighted the value of having independent non-executive directors to help determine top management rewards."

Sir Adrian Cadbury: rejects the "old boy" network

Boards of companies should also be properly constituted: the job of chairman and chief executive should be split and at least a third of the board should consist of non-executive directors.

Mr Colin St Johnston, Pro Ned's managing director, said that the organisation had about 650 eligible executives available to sit on boards as non-executive directors.

However, he said Pro Ned faced two difficulties: finding people with the experience and time to take on chairmanships; and expanding its list of women to sit on boards.

Pro Ned places about 100 people on boards in non-executive capacities each year and last year 10 per cent were women, Mr St Johnston said.

Pro Ned has a number of research projects under way. One looks at the role of non-executive directors in remuneration committees while another looks at the attitudes of senior management to non-executives on the boards of companies.

# Bankers move on Eurotunnel financing

**By David Lascelles,** Banking Editor

EUROTUNNEL'S bankers are hoping to decide by the end of next week whether they can complete the project's £2bn refinancing package.

At a meeting in Paris on Thursday, leaders of the 210-bank consortium decided to make a final effort to persuade reluctant banks to contribute fresh money, and ask other banks to increase their share.

The consortium is still about £500m short of the £2bn which is a condition for a new rights issue. However, it is believed there are conditional commitments by banks which if realised, would cut the shortfall.

The possibility of including a portion of the £300m promised by the European Investment Bank under a separate agreement is also being considered.

Eurotunnel still hopes to go ahead with a £500m rights issue in November, timed to coincide with the first contact between UK and French tunnellers.

## UK NEWS

# Smaller societies face up to danger

**David Barchard** reports on survival in a sector dominated by giants

EARLIER this year, unnoticed by the rest of the market, St Stephen's Building Society, a small, London-based society, quietly began winding up its business.

St Stephen's was one of more than half a dozen British building societies that have disappeared in the past year.

By any standards, St Stephen's was a tiny business in an industry dominated by giants. The society had deposits of just £1.4m, mortgage lending of £1.21m, 382 members and no branches. But it was in the black, with profits of £14,000 in 1988, and looked set to remain there.

The society's board decided to close after the Building Societies Commission, the industry watchdog, warned it that several additional staff were needed to comply with the legal requirements of the 1986 Building Societies Act.

The alternative would have been to merge St Stephen's with a larger competitor. Rather than take either course, the board decided to disband the society and share its assets among members.

The process of shrinkage is not new. Between 1970 and 1980, the number of building societies dropped from 481 to 273. By 1985 it was down to 167.

The Building Societies Association, which has 105 members, had 120 two years ago. Association members heard at their last conference in June that numbers would probably sink below 100 by the end of this year.

Larger societies often claim privately that smaller societies are an endangered species. "I believe that the BSC wants to see the building society industry contract into about 20 easily managed, large-to-medium societies," says the chief executive of one society – an assertion the commission's officials strongly disclaim.

The majority view among analysts of the retail banking sector is that even medium-sized market participants probably have no long-term future.

Mr John Wrigglesworth, a building society specialist at the City Stockbrokers UBS Phillips & Drew, is also pessimistic. "A lot of small societies are going to find conditions increasingly intolerable in the next few years," he says, and cites several reasons why small building societies may find it hard to stay in business.

- Capital adequacy requirements are getting more rigorous and affect small societies worse than large ones.
- Smaller societies are legally barred from certain types of business activity, such as commercial lending, and can only get into them by merging with a larger one.
- Small societies cannot exploit economies of scale or invest in technology to the same extent as larger ones.

Several smaller societies challenge those views. They say they are making a good living and that pressures on them to withdraw from the market come not so much from their balance sheets as from the blandishments of medium-sized societies eager to expand.

Building societies are mutually owned and so in practice the only predators they face are other societies that must attract them to merge. Absorbing a small, one-branch society has many attractions and relatively few disadvantages for a larger society. Cheltenham & Gloucester, the fastest growing "top ten" society, has made a name for itself as the industry's "mergers king," mopping up several small societies each year.

Some medium-sized regional societies are following a similar strategy of building up their market presence through mergers.

This spring saw the controversial merger of Frome Selwood Building Society with Stroud and Swindon and the merger of Regency & West of England with Portman.

"There are medium-sized societies that want to expend their sphere of influence into the East Midlands," says Mr Rod Wilkinson, assistant general manager at Nottingham Imperial, which ranks 95th in size, with assets of £28m. "We are not looking to be second fiddle in any merger."

Nottingham Imperial sticks to basic savings and housing loans business and does not offer banking facilities such as standing orders or direct debits. Even so, its mortgage business has grown by 25 per cent a year for the last five years.

"We are not finding the problems which the national societies are suffering in attracting mortgage business," says Mr Wilkinson. "Traditionally we always pull in a lot of investment through professions and brokers and don't rely on customers just walking in the through the door."

Mr Wilkinson says the ability of small societies to survive depends on their willingness to change. He says Nottingham Imperial is helped rather than stifled by BSC guidelines. "We accept that what they are trying to do is the right thing."

Such stories are by no means unique. Mr Colin Smith, chief executive of Beverley Building Society, which has assets of £25m, says business is up by 40 per cent on last year. "You've got to get your act together to compete with the big boys, but it can be done. The dangerous area when competing with the big boys of the industry is money transmission.

"But it depends where you are. In an expanding market town, we find it easy to make a good living. In a big city, it might be a different story.

Trevor Humphries

**Head office of a tiny business: St Stephens Building Society had 382 members**

## EMPLOYMENT

# Reduction in public sector pay cycles seen

**By Michael Smith,** Labour Correspondent

CHANGES IN pay bargaining structures during the last decade may have reduced fluctuations in the value of public sector pay compared with the private sector, Mr Chris Kelly, under secretary for pay at the Treasury, said yesterday.

Mr Kelly said the changes had not necessarily been designed to tackle the phenomena of pay cycles but it would be surprising if they had not had that effect.

The changes include the introduction of pay review bodies for some groups of workers, including nurses, and of long term pay deals for civil servants with negotiations guided by a comparison with the middle 50 per cent of private sector settlements.

These developments followed the index-linking of the pay of police and firefighters to private sector earnings.

Mr Kelly was speaking at a seminar organised to discuss a report calling for the establishment of a public sector pay review body to oversee pay for all public service workers.

Mr Chris Trinder, senior research fellow at the Public Finance Foundation, argued in the report that fluctuations in relative pay produced by pay cycles are inefficient because they depress staff morale and lead to recruitment and retention difficulties.

Mr Kelly said the case for a review body was far from proven. Changes in the relative position of public sector workers might be desirable. Fluctuations appeared to have been dampened anyway and it was unclear what deficiencies a review body would address.

Mr Peter Jones, general secretary of the Council of Civil Service Unions, agreed that new bargaining arrangements would reduce the incidence of public sector pay cycles. "The disease is curing itself," he said.

Professor Richard Layard, chairing the discussion, said there was a need for an independent organisation to produce pay statistics for pay negotiators, although he did not think that role could be filled by a pay review body.

# Glaxo to provide childcare facilities outside workplace

**By Diane Summers,** Labour Staff

GLAXO, the UK's largest pharmaceuticals group, is to provide childminders for children of its research employees as part of an effort to retain female scientific and medical staff.

It is believed to be the first time a UK company has extended the provision of childcare beyond workplace nurseries to childminders based near employees' homes. The childminders themselves could be drawn from among the spouses of company workers.

Glaxo Group Research plans to open three nurseries near company sites in Middlesex and Hertfordshire catering for 150 children overall. However, the company believes there is demand for up to 450 places – the use of up to 150 locally-based childminders from next year would help to meet the shortfall.

The complete scheme is being managed for Glaxo by a childcare consultancy called Company Kids. The company's other clients have included ICI, Royal Insurance and Pilkington Glass. The cost to employees of nursery places will be about £50 a week for each child; childminding fees have not yet been set.

The Inland Revenue pointed out yesterday that a childminding scheme would not provide the same tax advantages for employees as a workplace nursery. From the last Budget, nursery places subsidised by employers ceased to be classed as a taxable perk. Tax still has to be paid on other subsidised childcare if a worker earns more than £8,500 a year including the benefit.

Glaxo Group Research employs 3,500 people, half of whom are graduates or post-graduates and nearly half of whom are women. The average age of all employees is 31. The company says it is particularly anxious to retain its highly-qualified female research workers after maternity leave. The provision of nurseries and childminders is part of a package of improved benefits for parents which comes into effect on October 1.

Ms Nadine Dorries, director of Company Kids, says the childcare plans were drawn up after an extensive survey of employees' needs to which over 1,000 workers responded. "Carers", as she calls them, would be recruited from four sources: existing childminders, spouses of employees, lapsed childminders, and new recruits which Ms Dorries hopes to attract with higher than standard pay rates, training and a support network.

# Lecturers to hold ballot after talks break down

**By Norma Cohen,** Education Correspondent

LECTURERS at British polytechnics and colleges will be balloted on industrial action following the breakdown of contract talks yesterday between the institutions and the unions.

The National Association of Teachers in Further and Higher Education and the Association of Polytechnic and College Teachers, representing 23,000 staff, rejected a pay offer linked to contractual "efficiencies".

These include a requirement that all staff participate in an appraisal scheme, work a minimum number of hours each week and a minimum number of weeks each year and forbids the holding of simultaneous employment elsewhere.

In July, an Acas panel arbitrating between the polytechnics and their staff agreed that the contractual efficiencies sought were reasonable and recommended their adoption.

The Department of Education and Science earlier this year had told the employers body, the Polytechnics and Colleges Employers Forum, that unless the contractual efficiencies were obtained, it would withhold £12m necessary to fund the pay increase.

In return for the efficiencies, the institutions have offered lecturers a basic 9.6 per cent pay rise over 17 months, a one-off payment of £1,000 to all staff and an additional 1 per cent increase in salary to the minority of staff on pay scales below the top senior lecturer grade.

The lecturers unions had initially sought a pay increase of 27 per cent.

Mr David Treisman, secretary of NATFHE, said that the union would have been willing to concede many of the contractual efficiencies had the pay offer been more generous.

"The employers' 17-month 9.6 per cent pay offer and the strings attached to it are completely insulting. We had worked really hard to agree a new academic contract within the framework of the Acas report and the distance between the unions and employers was bridgeable," he said.

# Civil servants' union warns on allowance

THE NUCPS civil servants' union says members should be prepared to take protest action against the Treasury's refusal for the second year running to increase London weighting, writes Michael Smith.

The NUCPS's monthly journal says it has failed to persuade other unions to make a major protest.

The union is to hold a series of meetings of its members on the issue next month. One possibility is that it will organise selective action by its members in museums and galleries.

The Treasury's refusal to raise allowances stems from its belief that it is tackling recruitment and retention problems through initiatives such as local pay additions and extra pay spine points, affecting only certain groups of workers.

The NUCPS says that less than half of its members benefit and most of these are low paid workers including security guards and messengers.

London weighting allowances for civil servants are £1,750 (up to five miles from the centre), £1,000 (five to 10 miles) and £725 (10 to 18 miles)

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# The mouse that roared

IRAQ IS not so much a Frankenstein's monster, more Frankenstein's mouse. With a population of 18m, the nucleus of Saddam Hussein's planned Arab empire is little more populous than the Netherlands. Since Iraq produced roughly 4 per cent of world oil before the current embargo, it is far from a dominant supplier. Its only other resources are its strategic position and an imported military capacity.

Yet this particular mouse is giving pause to the world's greatest power. The prospective economic damage also gets greater by the week. A war – which might push up the price of a barrel of oil to $65, says the World Bank, or still higher according to Sheikh Yamani, the former Saudi oil minister – would presumably be worse. But, with the price of a barrel of crude close to $40 a barrel, it might not be much worse.

As the markets become convinced that war is inevitable, they push the oil price up towards what they expect it then to be. With the effects of war in the present price, its additional effects might be small. This is little comfort. The economic damage war might do is already being done.

The oil price has now risen by almost 150 per cent since before Saddam Hussein started to threaten Kuwait. While the proportionate increase in the oil price has been smaller than during the first oil shock, it is already almost as large as during the second. Deflated by the dollar export price index of the industrial countries, the real price of a barrel of crude oil is almost three quarters of its peak level of 1979, and well above the peak reached during the first oil shock.

Unless oil prices fall quite soon, the forecasts from the IMF and the World Bank, discussed only this week at their annual meetings in Washington, are historical curiosities. The IMF, for example, assumed that oil prices would average $26 a barrel for the remainder of 1990, declining to $21 by the fourth quarter of 1991.

## Prospects far worse

Even so, "primarily, but not exclusively, because of the higher oil price assumption", the IMF cut back its forecast of world growth in 1991, from 3.1 per cent last May to 2.4 per cent last week. This reduction might appear modest. But it would represent a loss of well over $100bn in world economic output next year.

The prospects are presumably far worse. Admittedly, the World Bank's analysis does not support this conclusion. With the average oil price at $33 a barrel in the second half of 1990 and $30.5 a barrel in the first half of 1991, growth of the group of seven industrial countries is forecast at 2.4 per cent in 1991, the same forecast as the IMF's, despite the latter's markedly lower price of oil.

Should one conclude that a higher oil price makes no difference to the major industrial countries, whatever the devastation elsewhere? Or do these respectable international institutions not know what they are talking about?

## Investors worried

A bit of both, is the right answer. Energy use in the gross domestic product of the industrial countries has fallen by a quarter since 1973; the business cycle is happily unsynchronised, with the US and the UK entering into recession, while Japan and continental Europe are still growing rapidly; and inflation is lower and monetary policy already tighter than at the corresponding stages of the last two oil shocks.

None the less, the oil price increase that has occurred must have a significant impact. Investors think so. The Nikkei index is down 36 per cent down from mid-July. The Financial Times Actuaries All-Share index has fallen 18½ per cent over the same period and the S&P composite index is down 18 per cent.

Investors have good reason to be worried. Not only does nobody know what war might bring, but the fragility of parts of the western financial system is disturbing. In recycling to developing countries, financial institutions were sold a supposedly golden new territory after the first oil shock; were dragged further into what turned out to be quicksand in the second oil shock; and not merely failed to get out of the quicksand during the subsequent global recovery but managed to sink into several new bogs.

No less worrying has been the passive response to the oil price increase. From the apparent physical balance in the market, governments have concluded that the strategic oil reserves need not be used. But the price increases are themselves the main danger. Belief that there will be a war is not a sufficient reason for withholding stocks from the market. Governments must also believe that the war will do considerable damage to Gulf oil production. Otherwise, they should sell some of their stocks now. By feeding private stocks at a high price and buying those stocks back later at a lower one, they will do well out of doing good. They will also keep the damage done in proportion to the size of their adversary.

David Housego reports on the resurgence of Hindu caste consciousness in India

# A retreat from modernisation

From the rioting and bloodshed that have engulfed many towns in north India over the last 10 days one image stands out. It is of Rajeev Goswami, the first student to set himself on fire, running wildly in terror and exhilaration. In the way that striking pictures can convey a powerful message, this photo – spread across the front pages of most local newspapers – has come to symbolise the force with which caste divisions have again erupted in India.

Along with the threat of heightened Hindu-Moslem tensions, the caste disputes mark a return to a past that India would prefer to forget, a retreat from modernisation.

Two other memories linger from a week's travel in Uttar Pradesh, the northern state of 140m people which is the crucible of caste and Hindu-Moslem conflict.

The first is of Lucknow, the state capital, where a 20-year-old medical student, Surindra Ram, spoke of the continuing humiliations of being an "untouchable" – a member of the Scheduled Castes over whom lies the stigma that their presence pollutes orthodox Hindus.

As a member of the Scheduled Castes (Mahatma Gandhi called them Harijans or "God's people"), he was admitted to the St George's Medical Institute with lower marks than normal entrants. Dark-skinned – often a giveaway sign for untouchables, – and fumbling in his English, he said with the embarrassment often displayed by members of his caste: "Some teachers in a class of 200 sometimes ask me 'what is your caste?'"

The second memory is of Ayodyha, a small town about 150 km north of Lucknow which has become the focus of a nationwide crusade by Hindu fundamentalists. You climb a narrow street, past the religious ornaments and souvenirs that mark pilgrim towns the world over.

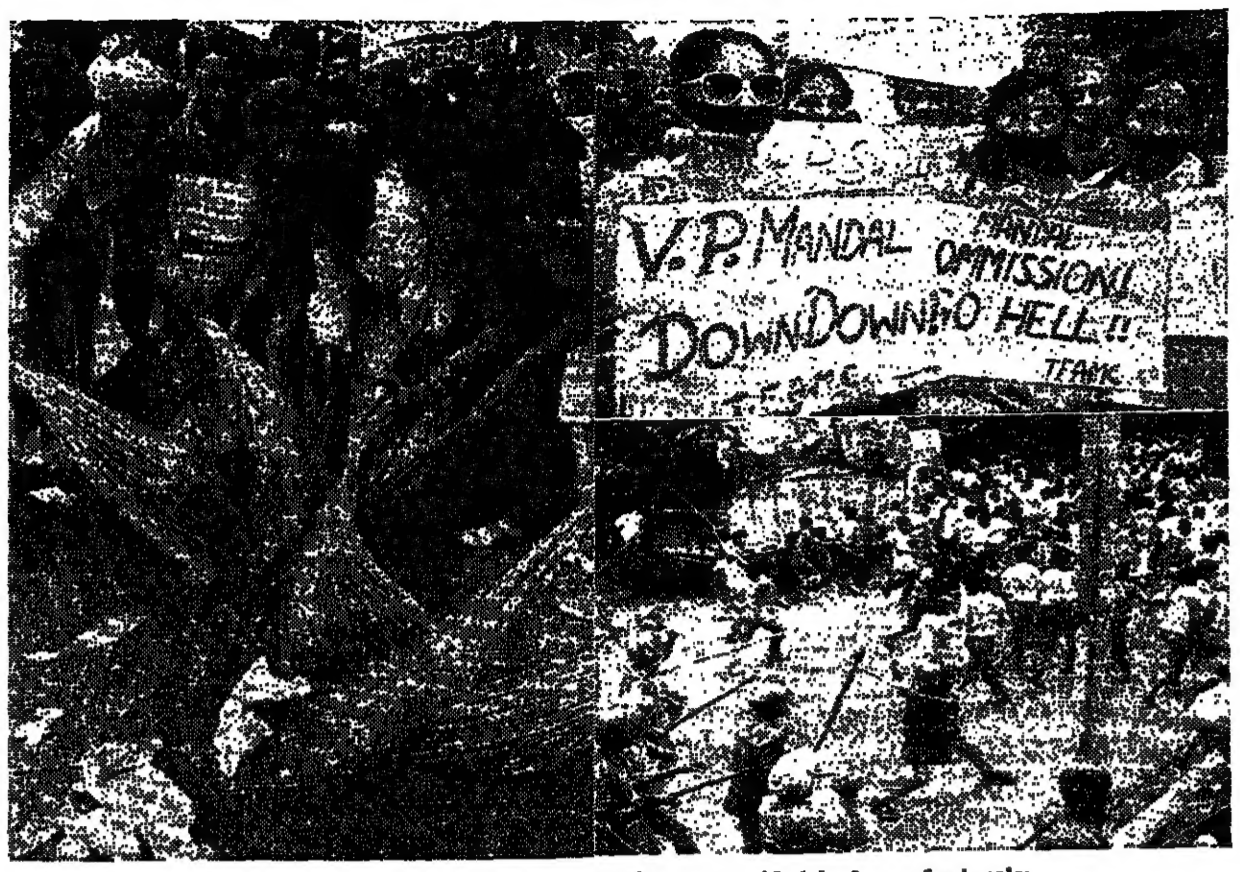
At the top you enter a small, 16th-century mosque. But where the mihrab should be – marking the holiest point in the mosque – Hindu fundamentalists have placed a statue of Ram, the Hindu god and hero of the Hindu nationalist epic, the Ramayana. This is allegedly Ram's birthplace.

On October 30, the Vishwa Hindu Parishad, the militant Hindu organisation, plans to begin building a Hindu temple on the site, displacing or destroying the mosque. If it is allowed to implement the plan, north India will be aflame with Hindu-Moslem riots. New steel barriers are being erected, and 10,000 paramilitary forces brought in to preserve communal harmony.

"They have opened up a Pandora's box," says Mr N.D. Tiwari, the veteran Congress leader and former Chief minister of the state. He blames his fellow politicians for unleashing the demons of caste and racial prejudice that the founding fathers of Indian independence had hoped would disappear with development and education. He says: "The day that India gets fractured into such parties (of caste and religion) it will be Doomsday for us."

India has by no means reached that point. But the rioting over jobs that has rocked major cities in the north since the government's announcement on August 7 of a job reservation programme for lower castes reflects the big changes that have been occurring in the Indian political landscape. These have come about with the slow disintegration of the Congress party – the only national movement that embraced people from all regions, religions and castes – and the eroding of the authority of a central government unable to meet the demands placed upon it.

As a result, political movements have increasingly been organised on the basis of caste, religion or region – reflecting both the uncertainties of greater economic and social mobility and increasingly aggressive lobbying by interest groups determined to grab a larger share of resources in a country where expectations far outpace economic growth.



Doctors sweeping a street in protest against government failure to provide jobs for professionals; top, lawyers demonstrating against job quotas for lower caste; police attack students in New Delhi

Among the most aggressive movements to stake a claim to greater power in northern India have been the so-called "backward castes". In north India these are the intermediate farming castes who have already stamped their mark on state and central government and now have ambitions to provide a prime minister. The government's readiness to cede to them a quota of 27 per cent of jobs in the central civil service and the public sector was what caused the backlash from the upper castes and the "anti-reservation" demonstrations.

The other movement which has also made a breakthrough in the north – though at the other end of the political spectrum – is the Bharatiya Janata Party (BJP) and the Hindu fundamentalists. The BJP has similar ambitions to form a government of its own in the coming years.

When Mr V.P. Singh, the prime minister, dropped his bombshell on August 7, announcing that the government would implement 10-year-old recommendations by an official commission on job reservation, his aim was to broaden his electoral base by creating a new caste alliance.

Mr Singh's own coalition government is itself a product of the greatly increased fluidity in Indian politics. A minority government, it brings together dissidents from the Congress and the northern farmers' lobby that includes the backward castes. It is also supported within Parliament by both the right wing BJP and the Communists.

An upper caste Rajput (prince) himself, Mr Singh sought to strengthen his hold on the backward castes who stood immediately to gain: to enlist the Moslems, who are mostly poor and thus in favour of job reservation; and the Scheduled Castes for whom 22.5 per cent of jobs in government service are already reserved. Ministers claimed – on what has since been shown to be grossly oversimplified arithmetic – that this would bring them the potential support of more than 80 per cent of the population.

Many westerners still see the caste system – dividing society into Brahmans (priests), Kshatriya (warriors), Vaishya (traders) and Sudra (other castes) and excluding the "untouchables" – as still imposing a hierarchical and rigid structure on Indian society. But Professor M.N. Srinivas, an eminent sociologist, insists that it is "a great mistake to present caste as static or as halting mobility."

Important changes have taken place as some groups have climbed the ladder and others have been pushed down. The Brahmans have been almost totally excluded from the upper levels of government service in the south.

Within the Scheduled Castes, the chamars (leather workers) have largely thrown off their "untouchable" status by refusing to do many of the jobs that defiled them – moving the dead cattle of upper-caste villagers, acting as midwives or beating the drums at upper-caste festivals.

Within this fluid system, the backward castes of the Hindi speaking belt – broadly, northern India – have over the last 30 years been the most aggressive and the most successful in pushing upwards. The most vociferous among them – such cultivator castes as the Yadavs, the Kurmis and the Keoris, accounting for about 20 per cent of the population of Uttar Pradesh – increased their wealth through land reform and the green revolution.

In the early 1950s, when the Congress Party dominated north India, the backward castes were barely represented in the state or National assemblies. Currently they hold the posts of Chief Minister in U.P. and Bihar, the country's two largest states, and underpin Mr V.P. Singh's government in Delhi. "Where else in the world," asks Mr Pran Chopra, a senior researcher at the Centre for Policy Studies in Delhi, "can you find a parallel phenomenon to such a rapid shift in power through the democratic process?"

Early in the climb of the backward castes, an agrarian socialist, Rammanohar Lohia, provided them with a theoretical framework. He argued for a shift of resources to the agricultural sector and to village industries.

The backward castes are critical of Nehru's emphasis on growth through industrialisation. "Nehru's policy is principally responsible for the backwardness of this country," says Mr Mulayam Singh Yadav, the chief Minister of U.P. "He always put the emphasis on large industry at the expense of agriculture."

Job reservation was an obvious strategy for the backward castes to pursue in a state where 85 per cent of the jobs in government service go to the upper castes – accounting for 20 per cent of the population. Jobs in government are still seen as a source of prestige, an instrument for breaking the power of the Brahmans, and a profitable source of patronage.

The backward castes began seriously to push for job reservation in the 1960s. But when U.P. and Bihar announced limited job reservation programmes in the late 1970s, it provoked a backlash from the upper castes, with rioting in both states. In Bihar 118 people were killed in anti-reservation riots in 1977-78.

Mr V.P. Singh has touched a similar nerve. His failure was insufficient preparation. Some further job reservation had increasingly been accepted by the political parties as a way of accommodating the backward castes – even though it is seen as damaging to the efficiency of the administration and an ineffective method of social engineering.

But the prime minister unleashed an onslaught by the unexpectedness of the measure and its scope – which would mean that 59 per cent of all jobs in central government and the public sector would be reserved for lower castes.

In a country of high graduate unemployment, he had upper caste youth up in arms against what they saw as their rapidly shrinking job prospects and their loss of a further power base. He divided his own party which includes former Congressmen. And he aroused the anger of the BJP. It is at this point that the tale of caste violence links up with Hindu fundamentalism.

They represent two different visions of India. One is agrarian, the other city-based, drawing its support from the upper castes, the business community and the urban poor. The backward castes see caste conflict as a basis of advancing their cause. The BJP, on the other hand, holds out the vision of creating a Hindu state in which caste would be subsumed by a common Hindu identity.

Hindu fundamentalism has grown similarly out of fears, insecurity and shared ambitions – in short, out of the social mobility that is propelling the growth of extremist movements in other corners of India. The fundamentalists blame Moslems – India's largest minority – for many of the country's social and economic woes. The BJP, the Parliamentary wing of the movement, increased its representation in Parliament at last year's general election from 2 to 85.

The Vishwa Hindu Parishad last year succeeded in intimidating Mr Rajiv Gandhi's government to allow the foundations to be laid for the temple at Ayodyha which they want to build on the site of the mosque. In a month's time during a major Hindu festival, they want to begin construction.

Mr L.K. Advani, the BJP leader, this week embarked on a 10,000-km tour throughout India in which he has been drawing large crowds to mobilise Hindu opinion in favour of the temple. Mr Mulayam Singh says his challenge will be met: "Nobody will be allowed to construct a temple there".

But even if the BJP backs down from a physical confrontation, it could still try and bring down the government by alleging that it is anti-Hindu and pro-Moslem.

In such a shifting kaleidoscope of competing parties, caste and communal groups, Mr V.P. Singh navigates from from day to day. It is little wonder that he has not had much time for economic policy or the implications for India of the Gulf crisis, and that India has become a more self absorbed country since he took over.

# Tale of two cities nears a conclusion

**David Marsh** on the battle between Berlin and Bonn to become the capital of united Germany

The world's eyes will be on Berlin at midnight on Tuesday when the black-red-and-gold German flag is run up outside the Reichstag and the strains of the national anthem ring across the city. The celebrations may be less than peaceful. Last Monday, 500 young rowdies went on the rampage in East Berlin in what police fear may be a dress rehearsal for plans to disrupt the reunification festivities.

The battle is hotting up between Berlin and Bonn over which city will become the political capital of united Germany.

The choice of capital is laden with doubts and ambiguities. At stake is far more than the billions of D-Marks of real estate, government contracts and spending power which hinge on the the two cities' future roles. The debate centres on two alternative readings of German history.

Should Germany, after two disastrous false starts this century which ended each time in world wars, again attempt to build a political centre in Berlin to rank with Paris, London or Vienna? Or should it stick with boring little Bonn – modest, convenient, utterly federal, and a symbol of the restrained common sense on which West Germany built democracy and prosperity during four post-war decades?

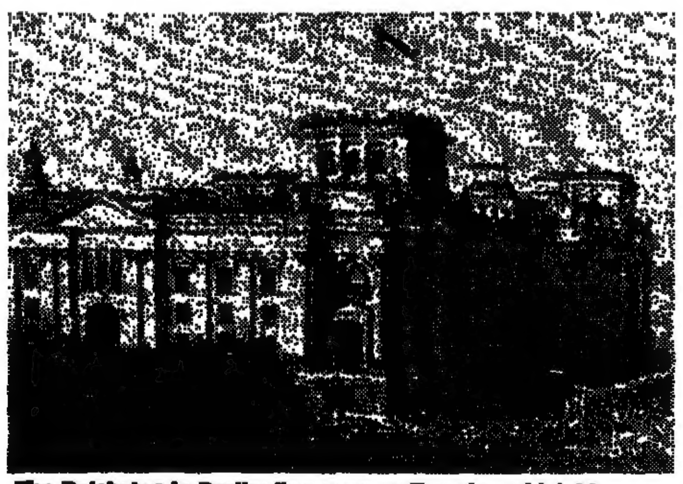
Violence next week would certainly damage Berlin's credentials. The constitution of the luckless post-First World War republic was proclaimed in 1919 in Weimar precisely because of fears of unrest in the Prussian capital. In view of the city's reputation as a social powder keg, some West German politicians (especially the anti-Prussian Bavarians) have already started to brood uneasily about the danger of "mob rule" if Berlin wins the day.

Berlin was the capital of the Reich for a mere 74 years, between 1871 and 1945. In 1949, however, when West Germany was founded, the Bundestag solemnly declared that Germany's political apparatus – both parliament and the executive – should be transferred to Berlin as soon as the nation was reunified. Bonn was explicitly labelled merely the "provisional" capital – although the label was dropped after West Germany in 1973 recognised East Germany as a separate state.

Now that unity is here at last, Mr Walter Momper, the fleshy Social Democrat mayor of West Berlin, growls that Germany's "political credibility" will be lost if it does not keep the promise. Mr Momper runs the city in tandem with Mr Tino Schwierzina, mayor of East Berlin. Both are worried about social problems in the eastern part of the city, where as many as 200,000 jobs (30,000 of them held by officials in the former communist ministries) are under threat. Mr Momper claims that the bill for shifting the capital would be only DM 5bn.

Mr Hans Daniels, the small and anxious-looking mayor of Bonn, who is from the Christian Democrat party, retorts that the transfer would cost DM 85bn – and would ruin the balance of Germany's prized federal system. Both Mr Daniels and Mr Momper are stepping up lobbying campaigns to sway public opinion. Mr Daniels seems to be ahead by a short straw. Seated in his outlandishly large office in Bonn town hall, Mr Daniels says that "equal development of Germany is only possible if one doesn't make the biggest city the capital."

Berlin has 4m people – twice the size of the next largest German city. (Bonn has a


The Reichstag in Berlin: flag goes up Tuesday midnight

population of only 300,000, but is still bigger than all East German cities apart from Dresden and Leipzig). "Berlin can be the New York of Germany," says Mr Daniels. "It doesn't have to take everything."

Berlin-backers claim that a move would cause fewer problems for Bonn than commonly assumed. Although half the Bonn population is said to rely economically on the machinery of government, there are more federal functionaries of various kinds in West Berlin (about 31,000) than in Bonn (27,000). One proposal is that they should simply swap places.

Mr Daniel's own suggestion is to share government functions between the Rhine and the Spree – keeping parliament and the ministries in Bonn, and turning Berlin into the capital for "representational" purposes only. The idea has gathered support in Chancellor Helmut Kohl's government, as well as among the Länder, the federal states, which all fear that money and prestige will drain away if the capital decamps.

Mr Richard von Weizsäcker, the German president, has spoken out for Berlin to become "the place of political leadership" for the whole of Germany. The unity treaty between East and West Germany, which comes into force today ducks the issue.

Article 2 states demurely: "The capital of Germany is Berlin. The question of the seat of parliament and government will be decided after the unity of Germany has been accomplished." An opinion poll in August indicated that 64 per cent of West Germans favoured the Solomon-like solution of splitting the capital city role.

One place to gauge Berliners' feelings is close by the remains of the Wall, at the headquarters of the East German Protestant Church, not far from the Alexanderplatz. Symbols of the new power structure abound. A few doors away is a brand new branch of the Deutsche Bank with window signs touting business start-up schemes and property loans. By the ruins of the Wall, being carted away by young National People's Army conscripts, stands a solitary concrete watch-tower, manned only a year ago by soldiers with shoot-to-kill orders. It is now an advertising symbol, with a three-pointed Mercedes star fixed haughtily on top.

Mr Hans-Otto Furian, the Church's spokesman, delivers a sobering picture of life after unity. "We had not foreseen the extent of the destruction of our economy." A decision against Berlin as the seat of government "would be a setback for political consciousness" in the East, he says.

Berlin's biggest drawback is the Third Reich. In spite of the mass Allied bombing, there are plenty of Nazi edifices in East Berlin today – and no shortage of memories, among both Germans and foreigners. Mr Momper advances the counter-argument that Hitler had no love of Berlin – nor Berlin for him.

Most of the intellectuals, authors and critics – including the Jews – whom Hitler vowed to suppress and exterminate came from Berlin.

The Führer's grandiose plans for rebuilding the capital by 1950 with a bombastic Victory Avenue, 400ft triumphal arch and a Nazi rallying hall for 150,00 people several times the size of St Peter's remain only a troubling dream. But if the German vote finally goes against Berlin, the Führer will clearly be partly to blame. Small-town Bonn has neither space nor pretensions for triumphal arches – and the Germans, on the whole, prefer it that way.


*MAN IN THE NEWS*

## John Banham

# Can-do leader for business

**By Ian Hargreaves**

I don't know whether Mr John Banham is humming Mahler's theme from Visconti's Death in Venice as he gazes across the Lido this weekend, but some may think it an appropriate *motif* for the holiday he began on Thursday.

Following the prime minister's rebuke to the Confederation of British Industry director general on Wednesday for talking down the British economy, comparisons are being made with other famous Tory government-CBI tiffs. Sir Terry Beckett is still remembered for having his knuckles rapped for promising the first Thatcher administration a bare-knuckled fight with adversity in 1980.

"A ludicrous comparison," sniffs Sir Brian Corby, chairman of the Prudential and the CBI's president. "Explaining what's going on in as clear a way as possible can't possibly be wrong," says Mr Banham, "Any more than you blame the lookout on the Titanic warning of icebergs ahead." The Titanic? A carefully considered comparison? "Influenced by the bells of St Marks," he concedes.

The dispute surrounds two questions. Can current UK economic conditions be called a recession, an impending recession or what Mr Nigel Lawson used to call a blip; and how soon should interest rates should be cut?

The facts are these. A week ago last Wednesday, the CBI council gathered for its first meeting since July. A press release was headlined: "Interest rate cut needed this year – CBI" and spoke of the UK economy "moving into recession".

Mr Major, in Trinidad, was not thrilled. He probably liked better a personal letter from Sir Brian written two days later which carefully avoided the R-word, emphasised the CBI's commitment to fighting inflation and said the CBI was not calling for an immediate cut in interest rates, as may have been deduced from some media accounts.

To be fair, the CBI's real position is not very hard to discern. Many of its members are suffering badly from the downturn in demand and they want to ensure that the Chancellor does not keep the high-interest, anti-inflationary brakes on so long that needless damage is done to British industry.

"Our members' concern is that by the time the Chancellor waits to see that all the signals are set at go, it will be too late. We shall have suffered a serious blow to investment confidence and good businesses will fail unnecessarily," says Mr Banham.

None of this, however, stills the muttering. There are those inside the CBI who think the affair displays a lack of political judgment by Mr Banham and who are harumphing fairly loudly, if anonymously, about the opportunity thus offered for TV news to carry stories about the CBI position, followed by a slot in which John Smith, the shadow chancellor, can say sweetly: "I agree with the CBI, the government has got it wrong." Others say the incident reflects a lack of closeness between Sir Brian, the CBI's first City president, and Mr Banham. Sir Brian is widely considered to be more intuitively a Thatcherite than his director general. "John's a Heseltine man, at heart," says one close associate.

It was from a base at the Audit Commission, the local authority watchdog created by Mr Heseltine, that Mr Banham was recruited to be the CBI's youngest director general – he is now 50 – and where he developed much of his style. Before the Commission, Mr Banham had done marketing at J. Walter Thompson and Reed International, and enjoyed a successful 14-year spell at McKinsey, the management consultant.

Mr Banham's qualities are of a highly visible kind. Handsome and articulate, he is one of only two or three people from the world of British business who are both available and good on TV. He is credited by his admirers with cutting dead wood from the CBI bureaucracy – staff numbers are down by 16 per cent in the last four years – and with giving the CBI a broader purpose than merely to lobby on behalf of its members' more obvious self-interests. Thus he has launched major pieces of work on education, the inner city, City-industry relations and infrastructure. He saw early and has campaigned hard on the uniform business rate and ERM.

"He's a good speaker, a good inspirer of people, good at spotting the big picture," says one who has watched his career closely. "but he can be extremely cavalier with the facts and there is an alarming unwillingness to think through the logic of a complicated case."

Opinions also diverge on his political skills. At the Audit Commission he earned a reputation for telling it like it is and it may be that this week's events reveal no more than the fact that plain speaking and the CBI have never been easy bedfellows. "Perhaps he needs a political adviser," says one senior industrialist. "Whatever happened at council, he didn't have a mandate to bring out Big Bertha and point it at Mr Major."

One topic just starting to circulate on CBI gossip frequencies is the question of Mr Banham's position beyond March 1992, when his five-year contract expires.

Speaking from La Serenissima, Mr Banham sounds like he has almost made the decision. "Unless there is a change of government, it would be appropriate for someone else to take a turn. I think that by then I'll have done everything I can; I'll have shot my bolt." The argument for staying if Labour wins, he says, will be the need for continuity in the CBI at a time of sharp political change.

What does he want to do next? "Watch the camellias grow," at his home in West Cornwall, he says. A leisurely proposition not altogether convincing from a man whose holiday reading combines The Machine that Changed the World and the Environment White Paper.

# Seeking to make the New Look credible

**Philip Stephens** views the magnitude of Labour's task to win over voters

We can expect the inevitable sound and fury about Britain's economic plight, about the state of education and the health services, about the poll tax and the environment.

But beneath the more obvious media management which is now a commonplace of such events, Mr Neil Kinnock will be seeking to convey a single, simple, message from the Labour conference opening in Blackpool tomorrow.

It is this: the Labour Party, not just its leadership, has changed – really, truly and, most important of all, irrevocably.

It has dumped the ideological baggage – unilateralism, European isolationism, the commitment to a state-run economy, the promises to the trades unions – which cost it the 1983 and 1987 elections. It is now a modern social democratic party committed to equity rather than to equality. One Nation Labourism has been born.

The party's strategists will aim to ensure that the spotlight in Blackpool remains directed firmly on the figures in Mr Kinnock's team who epitomise the new image.

Mr John Smith, who will dominate Monday's debate on the economy, is as conservative a Labour Treasury spokesman as was the then Mr Roy Jenkins when he balanced the budget as chancellor 20 years ago.

Mr Gordon Brown and Mr Tony Blair, responsible respectively for the party's trade and industry and its employment policies, are as much centrist technocrats as conviction politicians.

Yet for the Labour party to convince *itself* that it has changed is one thing; persuading voters that the change is permanent in the face of a concerted Conservative onslaught designed to demonstrate the opposite will be a lot harder.

Mr Kinnock's people admit that it will not be easy. "We have to put the nails in the lid of the policy changes . . . people are still not sure they are permanent," says one senior strategist.

Pious words about the health service, about a fair deal for pensioners or schoolteachers will be worthless if much of the electorate believes still that a Labour government would be incompetent, extremist or both.

The Conservatives know that too. A week later at their conference in Bournemouth, Mr Kenneth Baker, the Party chairman, will signal the start of a consistent campaign from now until the election to show that Labour has changed its propaganda but not its policies.

Mr Baker's research suggests that while Mr Kinnock has done enough so far to win back the opinion poll support of many former exiles to the Alliance and of some of the first-time Conservatives among the affluent working classes, there is still considerable confusion about what Labour stands for.

The message, in the words of one Tory official, is that "you know where you are with us, you could be anywhere with Labour." For all the government's recent mistakes, the opinion polls indicate that Labour will find it difficult to persuade the voters that their money is safer in its hands.

For the moment, Mr Kinnock can look forward to some fairly cheering prospects.

The Labour leader's occasionally volatile personality and his unsure handling of television interviews are still regarded by the Conservatives as the weakest link in the opposition's new image. But his recent performances have considerably enhanced his standing.

His position on the Gulf has been as hawkish as most on the government benches at Westminster. His warning earlier this month at the Trades Union Congress that it could expect no favours from a Labour government made, in the words of one side, "marvellous television".

In parallel, the realisation that curbing inflation will be more painful and will take longer than many had realised has shaken the confidence of many within the government's ranks.

Those close to Mrs Thatcher believe that she will be determined to keep open the option of an election this time next year. But in the Treasury at least, there is a growing conviction that she will have no choice but to wait until 1992.

High inflation will mean that for some time yet an electorate which has become accustomed to automatic increases in its disposable income will find its standard of living static if not falling.

Next week's conference will undoubtedly bring Labour some of its own embarrassing moments during debates on such issues as the Gulf crisis, defence spending and proportional representation, but there will be little doubt about Mr Kinnock's grip on the proceedings.

This year's policy review – Looking to the Future – will be passed with overwhelming majorities at what used to be the party's unpredictable, and frequently explosive, National Executive Committee. Those majorities will be on the order of 10 to one, something now taken for granted.

Mr Peter Mandelson, up to now the party's image maker and one of the most ruthless exponents of the new moderation, is relaxed enough to refer to the left-wing Mr Tony Benn as a contributor to the diversity needed in any political party.

But if vanquishing the Left was always a condition of a credible Labour challenge to the government, it will not be a sufficient one once inflation and mortgage rates begin to fall.

Despite its present 10-point lead in the opinion polls, the Labour Party still has to persuade the voters that it has the policies to match its internal reforms. Notwithstanding mortgage rates at 15 per cent and inflation at 10 per cent, it is still not clear to the majority that Labour would be more competent at running the economy than the Conservatives.

There is reluctant acknowledgment from some Labour MPs of the judgment of one cabinet minister that the notion of a Labour government running a market economy more effectively than a Tory one remains, for most voters, "preposterous".

The party insists that it has built a coherent economic strategy. It is based on "long-termism". Roughly translated, that means that everything will be geared towards encouraging productive investment.

Macro-economic policy will aim at stability – hence the commitment to take sterling into the European Monetary System's exchange rate mechanism. Micro-economic policies – education and training, research and development, the criteria for mergers policy – will aim at tilting the balance of industrial decision-making towards investment.

Those, however, are not the terms in which the ordinary voter thinks about economics. For him or her, it is mortgage rates, inflation, tax rates, public spending and borrowing that count.

The same voters who applaud Labour's plans for better schools, hospitals, and public transport remain to be persuaded that they can be delivered without runaway inflation or penal taxation. "The trouble is that people think that once we start spending we won't be able to stop," one of Mr Kinnock's aides admits.

Everything that Mr Smith says and does is directed towards nailing that concern.

His view is that, at least until the election campaign, the Labour Party must offer no hostages to fortune beyond the specific spending pledges – notably on child benefit and pensions – that it has already made.

Some of his colleagues, however, believe that too tight a grip by the Treasury team will obstruct its efforts to build a positive image. Having chosen its ground, Labour must be confident enough to stand on it. Its policies in areas such as education, transport, science and research must be spelled out.

The party cannot rely on winning the election by default. As one member of the shadow cabinet put it earlier this month, Labour has spelled out clearly what it will not or cannot do. It will now face growing pressure to say what it will do and can.

*LETTERS*

## Gibraltar committed to a policy of co-operation

*From Mr J.J. Bossano.*

Sir, Peter Bruce's article ("A colonial relic," September 22) conveys the impression that Gibraltar does not wish to co-operate with Spain or have a normal relationship. Nothing could be further from the truth.

My government is committed to a policy of co-operation with our large neighbour on the basis of mutual respect as befits fellow members of the European Community and Nato. What we are not prepared to tolerate is an erosion of our Community rights on the premise that because there is a Spanish claim over Gibraltar's sovereignty the application of Community law to Gibraltar should be suspended and be subject to a separate bilateral agreement between the UK and the Spanish government.

The process of air liberalisation is a case in point. In 1983, Gibraltar airport was included as a British regional airport without anyone in the Community raising objections. In July 1987, when the second stage was about to be implemented, Spain vetoed it because Gibraltar continued to feature as a British regional airport.

This was publicly condemned at the time by Sir Geoffrey Howe. Yet on December 2 of the same year the UK agreed with Spain to suspend the extension of the EC directive to Gibraltar until the special conditions demanded by Spain were met.

It should not surprise anyone that Gibraltar, having joined the Community in 1973, should find *objectionable* the situation that has arisen because Spain joined in 1986.

In the light of the events we have witnessed in eastern Europe, and currently in Kuwait, it appears to us that the right of self-determination and the freedom to choose is a principle which a democratic Spain should have no difficulty in accepting in respect of the Gibraltarians' right to determine the future of their homeland.

The distrust which your Madrid correspondent correctly identifies as existing in Gibraltar can only be tackled by a changed attitude in Spain which recognises that the world in which we live today is not the one that existed in 1704 or 1713.

J.J. Bossano,
*The Chief Minister,*
*6 Convent Place,*
*Gibraltar*

## Domestic tourism is buoyant

*From Mr John East.*

Sir, I must take issue with Hilary Rubinstein over the suggestion that domestic tourism is on the wane ("An English tradition under threat," September 22).

Although it is true that Britons travelling abroad in 1989 outnumbered overseas visitors to Britain, the fact that the domestic tourism market is particularly buoyant is completely ignored.

Apart from reports indicating that the last two years have been particularly good, the British Tourist Authority's British National Tourism Survey gives a clear indication that the 20-year decline in domestic long holidays has been halted. In 1989, 37 per cent of British adults took at least one long holiday within the country.

According to the major survey on domestic tourism by the national tourist boards, the United Kingdom Tourism Survey, UK residents in 1989 made 130.5m trips – and of these 109.5m were in the UK. Sixty eight per cent of them were holiday trips. British people travelling in the UK spent £10.8bn, of which £6.3bn was on holidays.

An English Tourist Board survey also shows hotel occupancy levels steady for the last three years, with the more expensive seaside and country hotels being particularly popular. Despite high interest rates, ETB's Investment in Tourism report reveals investment in England's hotel industry now topping £1.4bn, with 105 new hotels under construction at the end of June – more than at any time during the previous 15 years.

I do not think this is a picture of a declining industry.

John East,
*chief executive,*
*English Tourist Board,*
*Thames Tower,*
*Black's Road, W6*

## Pensioners' anxieties explained

*From Mr B.H. Davies.*

Sir, Mr L.J. Martin, writing as actuary to the Imperial Tobacco Pension Fund (Letters, September 15), seems surprised that the members of the fund are concerned about the long-term security of their benefits if they accept the company's offer to transfer to another scheme. As actuarial adviser to a large group of members of the fund, I can tell him that this concern arises from the profound mistrust of many of those members for Hanson plc.

It is therefore worth recalling the view of the judge in the Courage case (re Courage Pension Schemes 1986) who said with reference to Hanson plc that employees were entitled not to be irrevocably parted from surpluses by the unilateral decision of a takeover raider with only a transitory interest in the share capital of the companies which employed them. Against that background one might think that instead of the pensioners having to put their trust in Hanson plc, the onus is actually on Hanson plc to demonstrate its good faith beyond any doubt.

Against that background pensioners are understandably concerned when they are told they can no longer expect to receive the pension increases they have reasonably come to expect. If they want to continue receiving such increases the company is forcing members to meet all or most of the cost themselves by surrendering part of their hard-earned pension. Pensioners' concerns are reinforced when it is apparent that there is actually no need for members to have to make this choice as the money to pay for the level of increases expected by pensioners is already in the fund.

The valuation of the fund carried out last year shows that the scheme has a surplus of £230m. Set against that figure the cost of about £50m for providing the inflation protection sought by pensioners seems positively modest, particularly when compared with the £100m which the company expects to use to pay for a long-term contribution holiday.

B.H. Davies,
*director & actuary,*
*Pensions and Investment Research Consultants,*
*40 Bowling Green Lane, EC1*

## Beer, the consumer and the future of the industry

*From Mr Murray Steele.*

Sir, Having recently completed a study of the European beer industry, I find Roger Moate's argument (Letters, September 22) flawed in its basic premise and riddled with inaccuracy of detail.

Beer is hardly drunk in cans in mainland Europe, as he states. In fact, only the British consume more than 4 per cent of their beer in cans.

Whitbread is certainly not bigger than Carlsberg. Whitbread's sales in Europe are little over half those of Carlsberg. Mr Moate is correct in saying Whitbread is more profitable than Carlsberg, but this is not surprising given that Carlsberg is owned by a charitable foundation, which is unlikely to have the same commercial aspirations as Whitbread.

Lager is now 55 per cent of beer sales, not 50 per cent as he states, and this has increased from 8 per cent 20 years ago. The signs are that this trend will continue. Most of the lager sold in the UK is of continental origin. This trend must continue after 1992.

The European beer market does exist. The market segments which exist in the main national markets show a high degree of consistency and homogeneity. For example, the products of the big four European brewers, Carlsberg, Heineken, Stelle and BSN, can be readily purchased in every country in Europe. The same cannot be said for British beer brands. Further evidence of this is that the growth sectors of the beer market (low-alcohol and premium beers) are fast growing all across Europe.

Mr Moate's final inaccuracy is the statement that leading British brewing companies are of a scale to compete in Europe. This is untrue. There is no British brewery on the same scale as the big four.

The secretary of state should allow the Elders/Grand Met deal because it will be good for the consumer. It will create increased availability of brands in more pubs than at present. It will break the tie between brewers and pubs which was the objective of the Monopolies and Mergers Commission Report of 1989. It will create increased competition which must be good for the consumer, by creating a major competitor for Bass, which has been dominant in the UK market for many years. It will create a big brewing company with strong brands, able to compete more effectively, both in Europe and the UK where the Europeans are certain to increase their efforts after 1992.

The secretary of state should allow the deal to take place or terminate the volumes of paper despatched from his offices to businesses urging them to prepare for 1992. Not to allow this deal must be classed as hypocrisy, given the government's desires for British companies in relation to Europe.

Murray Steele,
*senior lecturer in business strategy,*
*School of Management,*
*Cranfield Institute of Technology,*
*Cranfield, Bedfordshire*

*From Mr Paul Knocker.*

Sir, Roger Moate makes some extraordinary statements in championing the cause of consumers. I hope the secretary of state will consider some of the wider implications, including the possible loss of Grand Met's breweries to one of the overseas companies in the wings – Europe, US or even Japan.

One of the real concerns in the UK brewing industry is the almost total preoccupation with the declining traditional draught beer market, when future growth and prosperity must be based on strong brands in small packs (preferred for quality, value and today's lifestyle).

Consolidation of the brewing industry is not only inevitable but essential for survival. While the major brewers in Britain have been preoccupied with the Monopolies and Mergers Commission and domestic issues and Mr Moate was sampling the latest cask ale in his local, three big brewing groups have been busy implementing pan-European strategies.

There may always be a local choice, but the real money will be made by the big players who develop and fully utilise a low-cost base for European and world brands. I hope UK brewers will recognise what is happening in Europe before it is too late and Mr Moate is left with a choice of Heineken, Carlsberg or Kronenbourg.

Paul Knocker,
*105 Kings Road,*
*Windsor, Berkshire*

## UK COMPANY NEWS

# Caird confirms fraud inquiries

**By Andrew Bolger**

CAIRD GROUP, the fast-growing waste company which is the target of a hostile £78m bid from the Severn Trent water company, confirmed last night that acquisitions by the group were the subject of inquiries by the police, the Inland Revenue and the Department of Trade & Industry.

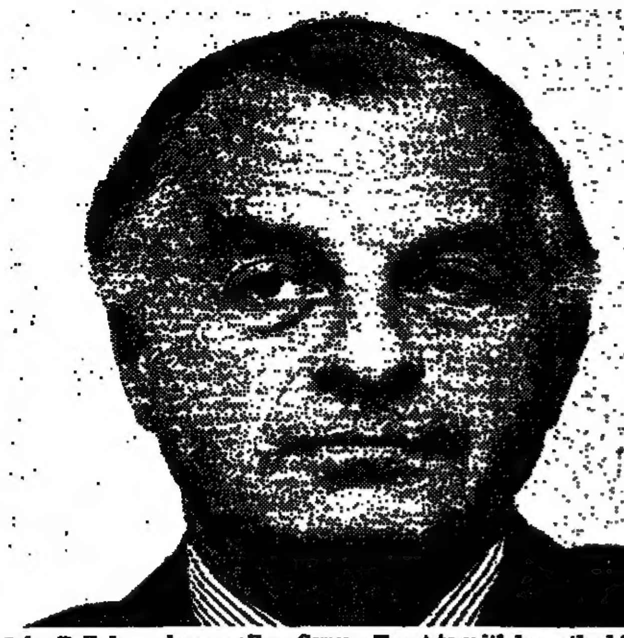
Shares in Caird dropped from 108p to 98p after articles appeared in yesterday morning's Investors Chronicle and Daily Telegraph suggesting that some of the investigations related to a former Caird director, Dr Brian Masterson, who joined Caird's board in July 1987, and resigned earlier this month.

Severn Trent, one of the largest of the UK's privatised water companies, launched its 100p-a-share cash bid last Friday and by the end of that day had raised its stake to 23.6 per cent.

The water company continued to buy shares and this week lifted its stake to 24.8 per cent before the shares went above the 100p offer price.

When the market opened yesterday morning, Severn Trent took advantage of the drop in the share price to increase its stake to 29.98 per cent, the maximum it is allowed at this stage of the bid. Caird shares closed at 103p, down 5p on the day.

Mr John Bellak, chairman of Severn Trent, said his offer document had a variety of clauses which would allow the company to withdraw the bid if the financial condition of Caird turned out to have changed materially.



John Bellak – clauses allow Severn Trent to withdraw the bid

Caird issued a statement after the market closed yesterday which said that whilst Dr Masterson was on the board, Caird acquired a number of businesses and assets related to environmental services in which he had or had had an involvement.

These businesses included the Finns Group, which was involved in a variety of environmental services; J Kirkaldy & Son (Southampton), a grit-blasting and painting business; and a number of industrial property assets, all acquired in January 1989 with shareholders' approval for a total of £5.1m.

The statement continued: "Dr Masterson owned the Finns Group between 1983 and 1986 through Energy & Marine Industries, a company in which he owned a majority interest; he confirmed at the time of the sale to Caird he had no interest in the vendors of Finns. Also at the time of the sale to Caird, Dr Masterson, again through EMI, was the owner of Kirkaldy and the property assets.

"Caird is not able, for legal reasons, to comment further on these matters at the present time. It is of course making its own inquiries in conjunction with its advisers."

Caird said that, as far as it was aware, the following investigations were being undertaken:

- The DTI, early this month, required certain Caird companies to produce documents and within the last two days it had required certain employees to explain these documents. The companies involved were: Key Quarries; Caird Industrial Services (South), formerly J Kirkaldy & Son (Southampton); and Caird Environmental (North East), formerly Finns Waste Disposal.
- The Company Fraud Office of the Metropolitan Police had interviewed certain Caird personnel about Key Quarries, Caird Industrial Services (South) and a third party supplier.
- The Inland Revenue is understood to be investigating the former ownership of Finns Waste Disposal and companies associated with it, but Caird said earlier this month that the IR had confirmed to Caird's lawyers that it was not investigating Caird Group or any of its subsidiaries.

Caird said: "These investigations, with which Caird is co-operating, were believed by Caird to be of a limited nature and accordingly no public announcement was made.

"Following the publication of the press articles, the company has endeavoured, without success, to establish from the Fraud Office and the DTI the nature and extent of their inquiries and, in particular, confirmation that these inquiries do not bear upon Caird Group."

# Trafalgar in propery venture with Kingfisher

**By John Thornhill**

TRAFALGAR HOUSE, the construction and shipping company whose shares have come under severe pressure in recent weeks over fears about property write-downs, has formed a joint property investment company with Kingfisher, the retailing group.

The new venture, to be called Marston House, will pay each company £94m for 18 UK investment properties spanning the office, retail and industrial sectors. The properties will be acquired from Chartwell Land, Kingfisher's property arm, and Trafalgar House Property.

Marston House will be managed as an independent company with the aim of producing capital growth and profits and will be treated as an associate company by both parties. Mr Ian Besley, a former investment director with Property Holding & Investment Trust, has been appointed managing director.

Mr Nigel Whittaker, Kingfisher's corporate affairs director, said the primary reason his company had concluded the deal was to help spread the burden of managing properties currently shouldered by Chartwell Land. "It is not possible for one management team at Chartwell actively to manage 1,200 properties," he said.

Only last week Kingfisher added to this portfolio by buying a subsidiary property company from Rosehaugh for £35m. None of these properties are to be transferred to Marston House.

Mr David Calverly, managing director of Trafalgar House Property, said the move represented an important strategic move which would enable the company to capitalise on the low values currently prevailing in the property market.

"We are very excited about it. It is a very good deal at exactly the right time for us," he said.

# Exchequer levy and flat advertising hit Central TV

**By David Owen**

A SHARPLY increased Exchequer levy has combined with flat advertising revenues to produce a 40 per cent decline in interim profits at Central Independent Television, the IBA contractor for the Midlands.

The group, whose 10-year broadcasting licence is soon to come up for review in common with those of its peers, was also hit by a 10 per cent hike in its Channel 4 subscription. The shares slid by 69p to close at 535p.

Mr David Justham, chairman, said that it was now "unlikely" that Central's full-year results would match 1989 levels. The company's share of ITV advertising revenue in the first half dropped to 14.1 per cent (14.4 per cent). It said, however, that its market share in July and August rebounded to 14.6 per cent and 15 per cent respectively.

All told, pre-tax profits for the six months to June 30 totalled £6.79m (£11.3m) on turnover of £153.1m (£152.6m).

The turnover figure comprised £113.4m (£112.9m) of advertising revenue and £39.7m (£39.1m) of other income. The group projected that advertising revenue for the full year would show "nil growth."

David Justham: unlikely that full-year results will match 1989

Mr Leslie Hill, managing director, said that staff costs year-on-year had fallen 12 per cent to £24.1m "or 21 per cent in real terms." From 2,007 at the beginning of 1988, staff numbers have now fallen to 1,500 – a cut of 25 per cent.

The Channel 4 subscription was up by £1.79m to £20.05m, while the Exchequer levy more than doubled to £8.43m (£3.77m).

In Mr Justham's view, "the levy has now assumed penal proportions." "Its savage impact seems to us to be contrary to the government's stated aims of promoting both quality and competition within British television," he added.

Mr Justham also asserted that "the BBC's refusal to allow independent producers to use our studio facilities for BBC commissions" was compounding the lack of anticipated growth in the industry to pose "a major threat to our efforts to sustain a commercially viable facilities business."

The company said that it had recently decided to halt its efforts to turn its design graphics operation into a business in its own right.

Earnings per share declined by more than 40 per cent to 15.9p from 26.8p a year earlier. An unchanged interim dividend of 7.5p was declared.

# Willis Faber holders back merger

**By Richard Lapper**

SHAREHOLDERS of Willis Faber, the insurance broker, yesterday at an extraordinary general meeting voted unanimously to approve the company's merger with Corroon & Black, the US insurance broker. Corroon shareholders are to vote on their board's recommendation to merge the two companies on October 8.

Last week Aon Corporation, a Chicago-based insurance holding group, withdrew a possible $40 a share cash bid for Corroon, after Corroon's board refused to discuss the proposal. The offer would, if accepted, have scuttled the Willis Corroon merger, the terms of which were originally agreed in June.

Mr Roger Elliott, chairman of Willis, downplayed the significance of recent moves by some Corroon shareholders to have Delaware courts "appraise" the value of their shares. These shareholders would receive a cash payment based on the valuation.

Mr Elliott told Willis shareholders that "appraisal" is "a little used and complicated procedure which can take many months, can be expensive for the dissenting shareholder and may well not result in a higher cash value."

Many of these claims are not pursued up to the valuation stage, said Mr Elliott, who added; "If at the end of the day we do have to pay out some Corroon & Black shareholders I am confident that we will be able to do so."

# AP profits drop to £8m

**By John Griffiths**

Pre-tax profits of Automotive Products, the main vehicle components subsidiary of BBA, fell by nearly one third in the first half of the year, underlining the increasingly fierce competition being felt across the European and US.

AP saw its interim pre-tax profit drop to £8.2m from £12.2m. Its turnover fell by only 15 per cent, to £149.7m from £173.7m.

A day earlier, Valeo, the leading French components group, had reported net income down 13 per cent in the first half.

AP's profit was down even more sharply at the operating left, to £10.2m from £16m. Interest charges were lower, at £2m(£3.2m) and tax sharply lower at £0.5m(£1.8m).

# Brent Walker £103m bond issue

**By Maggie Urry**

DETAILS of the Brent Walker convertible capital bond issue were published yesterday, at the end of a stock market trading session which saw the share price fall 24p to 103p following Thursday's details of the group's interim figures and balance sheet.

Convertible bond experts said the bonds were not attractive at their par issue price compared to the existing convertible preference issue and the ordinary shares. The yield on the preference shares rose from 26 per cent to 35 per cent yesterday, dragging the share price down despite low trading volume in the shares.

The bond issue totals £103.3m, at the bottom end of the £100m to £120m range Brent Walker hoped to raise. That sets the terms of the clawback being offered to existing share and convertible preference holders at 49 bonds for every 40 shares or every 150 preference shares held.

Birdcage Walk trust company for the family of Mr George Walker, chairman of Brent Walker, is taking £10m of the bond issue and will Mr Walker take up his full entitlement to the clawback, meaning he will end up with abut £27m of the issue.

Advisers to Brent Walker said the issue had been placed with an unnamed international group of investors.

The bond will pay a 13 per cent coupon, is issued at par and will mature in 2005, unless it is converted into shares at the 140p price. If fully converted the bond will result in the issue of 73.8m new shares, compared with 51.1m shares currently outstanding and the potential for a further 35.8m shares if the existing convertible were fully converted.

Listing particulars will be published by October 8 and a meeting for shareholders to vote on the issue will follow.

# Securicor chief speaks out on fall

Mr Roger Wiggs, chief executive of Securicor Group, said yesterday he was absolutely shattered by the collapse in the share prices of the parcels, security and cellular telephone group and its sister company, Security Services.

In the last week, Securicor's A shares have fallen from 527p to 395p, and Services' shares have slipped 29 per cent to 295p.

The fall was triggered by Thursday's announcement from Securiguard, an unrelated security, cleaning and parcel despatch company, that its delivery and courier service would make a loss in the second half of 1989-90.

But Securicor's A shares continued to fall yesterday, from 460p to 395p compared with a peak of 843p in January, and Services, which has a large parcel delivery operation, closed at 295p, down from 365p.

# Interest charges and defence cuts leave Adwest 23% down

**By Jane Fuller**

INTEREST payments of £2.7m and cuts in defence orders were among the reasons for a 23 per cent fall in 1989-90 pre-tax profit at Adwest Group, the engineering and property company.

The taxable figure declined to £12.48m (£16.21m) on turnover that grew by 25 per cent to £128.68m (£103.27m) in the year to June.

Interest charges, which followed from French and US cash acquisitions totalling £12m, compared with £78,000 interest income in the previous year.

Mr Fred Grant, chairman and chief executive, said that in the defence division, which saw operating profit fall from £2.48m to £1.37m, 170 jobs were being lost through factory closures.

The extraordinary reorganisation costs amounted to £2.8m.

Defence turnover went up sharply to £27.32m (£16.88m), including £6m from the US acquisition.

Mr Graham Menzies, recently appointed managing director, said the division was suffering from cuts in Ministry of Defence spending.

A mitigating factor was the growth of civil demand for equipment to shield buildings from electrical or other types of interference.

The figures were helped by an increase to £4.79m (£3.37m) in property profit by the sale of an investment property at the Woodley site, near Reading.

This had reduced borrowings, which in June were £27.5m, giving gearing of 40 per cent.

However, Mr Grant said there was a fall of more than £1m in profit from a related house-building company run with Bryant.

More than half of group turnover came from the automotive division, where the products include cables, seats and thermostats.

Sales grew to £67.81m (£51.15m), but operating profit only inched ahead to £4.14m (£4.02m). Mr Menzies said the French acquisition had contributed to sales, but because of rationalisation there had been no profit.

The division had been affected by strikes at Peugeot and Ford, but was benefiting from orders connected with the Land Rover Discovery, the new Ford Escort and the Nissan Primera.

Although car sales were down in the UK, more cars were being built there.

The electrical division contributed £2.15m (£2.29m) profit on sales of £25.44m (£25.29m).

The management had been changed at a problem subsidiary and two other businesses had been combined.

Earnings per share fell to 14.1p (17.2p).

The final dividend is being held at 5.75p, making an unchanged total of 7p.

# BS in £7.5m restaurant merger with Scott's

**By Andrew Hill**

BS GROUP, the leisure and property company which used to be called Bristol Stadium, is to merge with Scott's Restaurant, which operates a chain of restaurants in London's West End.

The all-share deal, which values Scott's at about £7.15m, will bring together the interests of the Kerman family.

Directors of BS and their families already own all the non-voting convertible shares in Scott's and nearly 69 per cent of the ordinary shares.

If the offers are approved, the Kerman family and family interests will own nearly 40 per cent of the group.

BS, which owns and operates the greyhound stadium in Bristol and is involved in property development, also announced a pre-tax loss of £361,000 for the half-year to June 30, compared with a profit of £354,000 in the equivalent period.

BS is offering Scott's shareholders four new ordinary shares in BS for each ordinary, non-voting convertible A ordinary or non-voting convertible redeemable ordinary share already held.

The offer values each Scott's share at £12.20, compared with yesterday's closing price of £10.45.

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Addison Consult | int | nil | - | 0.5 | - | 0.6 |
| Adwest | fin | 5.75† | Nov 23 | 5.75 | 7 | 7 |
| Carlisle Group | int | nil | - | 4.5 | - | 5 |
| Central TV | int | 7.5 | Nov 23 | 7.5 | - | 28.5 |
| Clarke Nickolls | int | 0.25 | - | 1 | - | 3 |
| High-Point | fin | 4.95 | Jan 2 | 4.5 | 7.5 | 6.75 |
| Jacks (Wm) | int | nil | - | 0.9 | - | 2 |
| Sale Tilney | int | nil | - | 5 | - | 11 |
| Sherwood Group § | int | 3.2 | Nov 26 | 2.3 | - | 7.5 |
| Specialeyes § | fin | nil | - | 1.375 | nil | 1.875 |
| Throg Dual | fin | 6 | - | 5.5 | 8.75 | 7.75 |
| Trafford Park | fin | 1.725 | - | 1.725* | 2.575 | 2.575* |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price | Am'nt Paid up | Latest Renunc Date | 1990 High | 1990 Low | Stock | Closing Price | +or - | Net Div | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| – | F.P. | – | 131 | 93 | ABI Leisure 10p | 96 | +3 | R4.7 | 3.3 | 6.5 | 6.3 |
| 180 | F.P. | – | 198 | 170 | Faber Prest | 175 | –18 | 9.1 | 3.7 | 6.9 | 5.2 |
| 2 | F.P. | – | 4 | 3 | Finlan Group 1p | 3½ | | – | – | – | – |
| † | F.P. | – | 75 | 43 | Golden Vale Ir1p | 44 | | uQ158% | 5.1 | 3.4 | 8.0 |
| – | F.P. | – | 24 | 20 | JF Fledgeling Jap. Wrts. | 20 | | – | – | – | – |
| 100 | F.P. | – | 98 | 76 | Jupiter Euro Inv Trust | 77 | | – | – | – | – |
| – | F.P. | – | 38 | 21 | Do. Warrants | 21 | –2 | – | – | – | – |
| §108 | F.P. | – | 116 | 101 | ♦Lowcrest 5p | 102 | | R4.05 | 2.4 | 5.3 | 8.2 |
| – | F.P. | – | 22 | 20 | ♦MMI 1p | 22 | | Y1.0 | 2.4 | 6.1 | 8.5 |
| † | F.P. | – | 17 | 11 | ♦Paramount 2½p | 11 | | – | – | – | – |
| † | F.P. | – | 53 | 41 | ♦Pelican 20p | 41 | | – | – | – | – |
| 100 | F.P. | – | 90 | 85 | River & Merc Smaller Co | 84 | | K3.75 | – | 6.0 | – |
| – | F.P. | – | 26 | 18 | Do. Warrants | 20 | +2 | – | – | – | – |
| 130 | F.P. | – | 156 | 136 | Seton Healthcare 10p | 139 | +1 | L3.75 | 2.2 | 3.6 | 12.4 |
| §100 | F.P. | – | 102 | 90 | Slaters Select. Growth Tst | 90 | –3 | – | – | – | – |
| – | F.P. | – | 38 | 28 | Do. Warrants | 30 | –3 | – | – | – | – |
| 100 | F.P. | – | 102 | 94 | TR European Growth Tst | 94 | –1 | K1.0 | – | 1.4 | – |
| 40 | F.P. | – | 43 | 39 | Do. Ptg. Sub. 1p | 39 | –1 | F1.0 | – | 3.4 | – |

## FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc Date | 1990 High | 1990 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| 100 | F.P. | - | 101 | 75 | ♦Bluebird Toys 12pc Cv. Uns. Ln. 2005 | 75 | |
| 100p | F.P. | 28/9 | 102p | 93p | Perkins Foods 8p (Net) Cv Rd Pf | 93p | -2 |
| ♦ | F.P. | - | 90p | 75p | Rank Org. 8.25p (Net) Cv Cm Rd Pf 20p | 80p | +5 |
| 100p | F.P. | - | 112p | 106p | Reckitt & Colman 9.5pc Cv Bds 2005 | 109p | |
| 100 | F.P. | - | 107¾ | 101½ | Tesco Capital 9pc Cnv. Cap. Bd. 2005 | 103¾ | +¾ |
| 100p | F.P. | - | 105p | 50p | Wyndham Group 9.375pc Cm.Pf | 50p | |

## RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc Date | 1990 High | 1990 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| 27 | Nil | – | 2pm | ½pm | ♦BTS 10p | ½pm | |
| 29 | Nil | – | ½pm | ¼pm | ♦G.C.F. Group 10p | ¼pm | |
| 190 | Nil | – | 18pm | 4pm | Great Western Resources | 4pm | |
| 50 | Nil | – | 2½pm | 1¼pm | Kynoch (G & G) | 1¼pm | |
| 220 | 55 | 23/7 | 86 | 33 | Ratners | 38 | –11 |
| 5 | Nil | – | 3pm | ¼pm | ♦Spectrum 5p | ¼pm | |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¥ Issued by tender. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. * Third Market. ♦ Issued in connection with reorganisation, merger or takeover.

## TRADITIONAL OPTIONS

- First Dealings Sept. 17
- Last Dealings Sept. 28
- Last Declarations Dec. 27
- For settlement Jan. 7

*For rate indications see end of London Share Service*

Calls in Aviva Pet., Conroy Pet., Eglinton Expln., Regal Hotel and STC. Puts in Clayform Props., Control Secs., Next and Proteus Intl.

## NEWS DIGEST

### Sherwood rises 24% to top £5m

SHERWOOD GROUP, the USM-quoted manufacturer of lingerie, lace and children's wear, has increased taxable profits by 24 per cent from £4.14m to £5.13m in the first half of 1990.

Mr David Parker, chairman, said this rise was achieved in spite of higher interest charges of £1.3m (£882,000) and difficult trading conditions in some of the company's markets. The lace and garment divisions contributed significantly to profits.

Turnover advanced 39 per cent to £46.52m (£33.4m) and earnings grew to 21p (19.1p) per share. The interim dividend is lifted to 3.2p (2.3p).

### Losses of £0.24m at Addison Consultancy

Addison Consultancy, the market research, design and communications group, fell into pre-tax losses of £239,000 in the first half of 1990, against profits of £306,000.

The interim dividend is being passed-last time there was an interim payment of 0.5p.

It is intended that in the fourth quarter the group's major activities will be marketed under its best-known trading name, Taylor Nelson, which with the following regrouping should return the company to the profit margins achieved in the past.

Turnover for the period was £9.89m. This was against £28.29m - which included £19.28m from discontinued operations.

After a nil tax charge (£324,000) losses per share were 0.36p (0.06p earnings).

### Removal of free eye tests hits Specialeyes

Specialeyes, the USM-quoted optical retailer, has fallen to pre-tax losses of £2.71m for the 52 weeks to May 26 1990, against profits of £1.1m last time. The final dividend has been omitted.

The company blamed the "severe and prolonged depression in the UK optical market during the last 15 months", and, in particular, the government's removal of the sight test subsidy in April last year. Exceptional charges of £1.68m (£377,000), which include reorganisation costs, contributed to the severity of the downturn.

Turnover rose to £14.23m (£12.21m) even though the number of outlets increased from 60 to 69. The average sales per outlet fell by 27 per cent. Losses per share were 17.18p (earnings 4.39p).

### Sale Tilney plunges to losses of £3.9m

Continuing problems in the food division had a significant impact on Sale Tilney's interim results which saw the food, technology, insurance and financial services group plunge to losses of £3.9m pre-tax for the six months to May 31, against profits of £2.4m. And the interim dividend is being passed (5p).

At the close yesterday shares had dropped 24p to 18p cutting the group's capitalisation from over £10m to £3.6m.

In the annual meeting in April, shareholders were warned that the food division was in some trouble, and indeed trading conditions in that division continued to be difficult, resulting in provisions against stocks and debtors being made and a tumble into losses of £3.2m, against profits of £1.1m.

However, provisions for possible underwriting losses in the insurance division have also been made, resulting in taxable losses of £610,000 (profits £1.1m); the technology division has seen pre-tax profits dropped to £59,000 (£1.2m), though improvement is expected in the second half; and the financial services side fell to losses of £120,000 (profits £19,000).

In each division the outcomes have been calculated after charging notional interest on the cash element of acquisitions and appropriate central service charges.

Turnover climbed to £77.3m (£57.2m) and losses per share worked through at 15.3p (earnings 6p).

### Radamec reduces losses to £78,000

In what the company calls "a substantial recovery", Radamec Group, the electronics and precision mechanical engineering concern, has reduced its losses at the pre-tax level to £78,000 in the first half of 1990. This compares with losses of £1.69m in the corresponding period and of £3.39m in the full year to December 31 1989.

This time there were operating profits of £237,000 (losses £617,000), though taxable losses were incurred because of interest payable of £315,000 (£260,000).

The company ascribed the general turnround to the recovery at Radamec Defence Systems. Also Radamec EDO and Radamec Microsystems increased turnover, leading to a 22 per cent rise in group turnover to £6.09m. The situation in the Gulf has increased interest and orders in the company's products.

Losses per share were reduced to 0.4p (8.6p). Again there is no interim dividend.

### Carlisle £3.8m in the red

Carlisle Group, which specialises in property and financial services, fell into the red in the first half of 1990, but directors stated that the group still had a strong cash position.

From turnover down from £12.11m to £8.7m the pre-tax loss incurred was £3.79m, compared with a profit of £3.18m, and the interim dividend has been omitted.

There was a profit, on continuing activities, of £907,000 (£3.18m) but there was an exceptional debit of £4.7m for the period.

Loss per share is shown as 16.8p (13.1p earnings).

### Wm Jacks incurs £9,000 loss

Increased operating costs left William Jacks, vehicle distribution and servicing group, with a pre-tax loss of £9,000 in the six months to July 31, against a profit of £404,000.

The company said that it was going through a difficult phase with a severe downturn in the car market. Steps continue to be taken to reduce costs and the company added that recovery would depend on a return of confidence through lower interest rates and inflation.

Turnover was £23.26m (£25.08m) and the pre-tax figure was struck after net interest payable of £569,000 (£347,000). The loss per share was 0.2p (2.35p) and the interim dividend has been passed. There was a payment of 0.9p last time.

### Exploration Co and El Oro both ahead

The Exploration Company, which mainly deals in investments and owns almost 50 per cent of El Oro Mining & Exploration, another investment dealer, lifted pre-tax profits from £1.13m to £1.34m in the first half of 1990. Earnings per share rose to 7.89p (6.34p).

El Oro, which in turn owns nearly 45 per cent of Exploration, raised its taxable profits for the same period to the same amount, though from £1.03m. Earnings here increased to 21.01p (15.4p).

### Clarke Nickolls into red after provisions

Exceptional charges of £1.88m, relating to provisions against development properties and investments in associated companies, drove Clarke Nickolls & Coombs, the property group, sharply into the red in the six months to June 30.

Operating profits tumbled to £1.49m (£3.05m), but after the provisions, the pre-tax figure showed a loss of £382,000 (profit £3.05m).

Mr Eric Lyall, chairman, blamed the "considerable and continuing deterioration in the commercial property market where values are falling as investors lose confidence". He said that this led to a lack of purchasers for completed developments at a time when values had already been depressed by the continuation of high interest rates.

He warned that further provisions might be necessary though he stressed that the balance sheet was strong enough to absorb them.

The share price was unchanged at 40p.

Turnover rose to £7.68m (£5.82m) with gross rental income up at £1.4m (£1.33m) and property development ahead at £6.28m (£4.49m). Earnings plummeted to 0.53p (11.07p).

Mr Lyall said that the board had decided to cut the interim dividend from 1p to 0.25p, but "dividend policy will be reviewed when the full-year results are known".

## UK COMPANY NEWS – THE POLLY PECK STORY

# Breaking up is hard to do

**Daniel Green** and **David Barchard** on assessments of what the various businesses would fetch if sold

NO NEWS from Polly Peck is bad news as far as the City is concerned. Anxious analysts have turned their minds to a worst case problem: how much would Polly Peck International be worth if it were broken up and sold to clear its debts?

The calculation is not easy.

Some of the businesses are new to the company, and most operate in Turkey and north Cyprus and have links with the Turkish government. Also in the fruit business alone there are activities in Jersey, West Germany, the Philippines, the US and central America.

Polly Peck operates almost entirely in three industries: food, electronics and leisure. Within food there are:

- Del Monte fresh fruit. Bananas account for 85 per cent of the business. Most of the rest is pineapples with small amounts of exotic fruit, such as papayas, making up the remainder. Del Monte was bought in December 1989 for $875m.

Analysts say Polly Peck has been offered $1bn for it this week. This is not as good as it looks. The dollar/sterling exchange rate has moved from $1.57 to the pound to $1.87 in the meantime, so the offer is worth £23m less than what Polly Peck paid.

In addition, there has been some integration with Polly Peck's longer-held fruit operations and disentanglement might not be straightforward. For a quick clean sale, analysts estimate Del Monte could fetch less than £500m.

- Citrus and related food operations in Turkey and north Cyprus. One of Polly Peck's food division operations – the water bottling plant at Niksar in central Turkey – is already on the market, but it is a relatively small business by the standards of the group. It might be attractive to a local Anatolian buyer for about the $5m Mr Asil Nadir originally paid to set it up.

Information on Meyna and other Turkish fruit and vegetable operations is not released by the company, though they appear to be the group's cash cow. Meyna's profits are believed by analysts to have been between £30m and £40m last year.

If Mr Nadir had to place it on the market, foreign buyers would probably hesitate to involve themselves in a business about which so little is known.

Some kind of management buy-out might be an alternative. However, this would be a large exercise which might not be possible without some international backing. The City estimate of how much might be raised by sale of the Turkish food and associated wholesaling businesses is a little over £500m.

The second leg of the Polly Peck empire is electronics. It consists of:

- A 72 per cent stake in Sansui Electric, bought in two blocks this year. The company is quoted on the Osaka stock exchange. Two older divisions, Capetronic and Imperial, formerly wholly-owned subsidiaries of Polly Peck, have been sold to Sansui.

The fall in Japanese stock markets has reduced the market capitalisation of the holding.

- An 82 per cent stake in Vestel Elektronik, one of the largest quoted companies in Turkey. It made pre-tax profits of £7m last year and £18.9m in the first half of this year. Vestel makes colour televisions, video recorders, audio equipment and microwave ovens, and is moving into washing machines and computers.

In four years, Vestel has pushed its way to become market leader in the rapidly expanding Turkish colour television market. Some 18 per cent of Vestel's shares were floated in June on the Istanbul stock market for about $155m. Whether a buyer could be found for the company outside Turkey in a forced sale must be doubtful, while there are few candidates inside Turkey with the cash needed. On top of this, the market in Vestel shares in Turkey is illiquid, making valuations on the basis of market capitalisation unreliable.

- Russell Hobbs Tower, the UK domestic appliance manufacturer. It loses money and would fetch little in a fire sale.

The City estimate for the cash value of the electronics businesses is about £550m.

The final leg of the tripod is leisure, which operates entirely in the eastern Mediterranean.

- The most obvious candidate for disposal would be the 409-room luxury Sheraton Voyager Hotel in the Mediterranean resort of Antalya, in Turkey. It was opened on September 1, 16 months behind schedule.

It would be a relatively easy business for an international buyer to understand and operate, although instability in the Gulf – Turkey shares a border with Iraq – adds an element of uncertainty to its prospects. There are also four smaller hotels in north Cyprus.

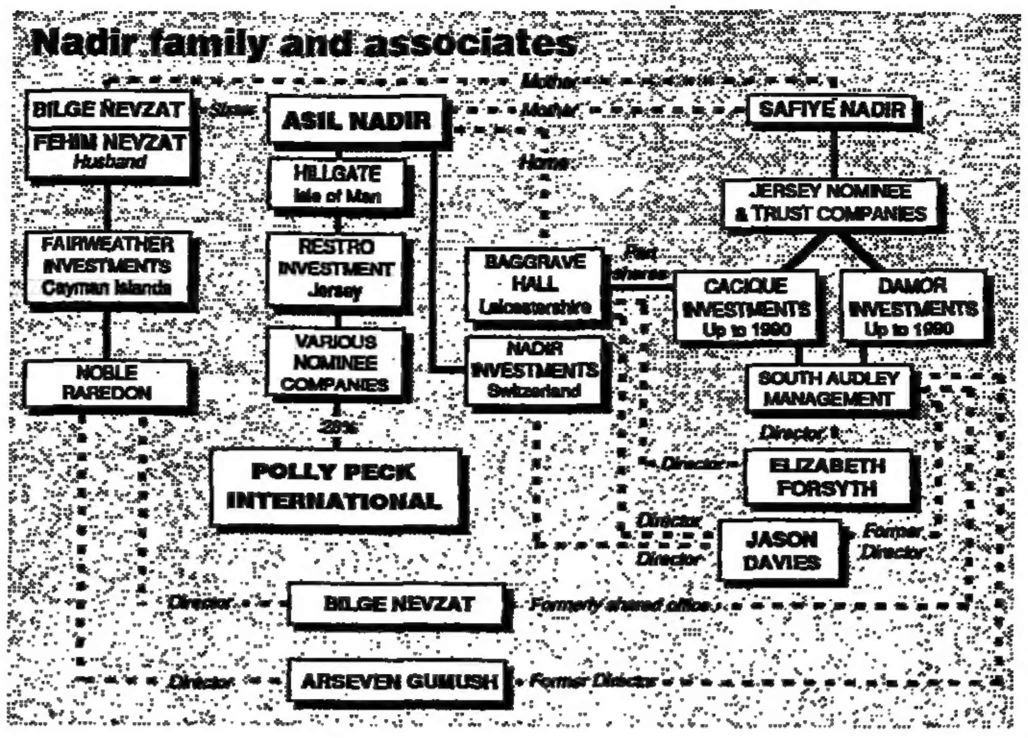
- Mr Nadir should also be able to get a reasonable price inside Turkey for the local Pizza Hut franchise, awarded to the group by Pepsico.

The book value of the leisure operations is £235m, say analysts, but in an emergency sale in a buyers' market might fetch only £165m.

So selling the whole company should raise £1.7bn, based on valuations derived from public accounts. From this, subtract the net debt of £770m, leaving £930m. There are 455m shares in issue, fully diluted, making a value per share of 204p. This is nearly double the 108p suspension price but less than half the share price before Mr Nadir's short-lived suggestion last month to buy the company.

An alternative, and more optimistic, calculation is on the basis of earnings after tax. The company's tax charge, at around 13 per cent however, has exercised analysts for some time. In calculating worst case break-up values, they have assumed this would increase to 25 per cent or even 35 per cent – figures typical of companies quoted in the UK. On a traditional earnings multiple for the company, a 13 per cent tax charge corresponds to a share price of around 450p. But 25 per cent and 35 per cent tax correspond to 350p and 300p a share respectively.

Analyses like this are already being printed in the offices of City brokers. Their authors emphasise that break-up valuations are unreliable at the best of times. Nevertheless, they have a certain influence on sentiment and those for Polly Peck will be studied especially closely.




# Piercing the several layers of disguise

By Richard Donkin

THE POLLY Peck affair has highlighted how the Nadir family keeps its corporate shareholdings disguised within nominee and trust companies in popular offshore centres. Nadir holdings in Polly Peck, Noble Raredon or South Audley Management ultimately reside in centres such as Jersey, the Isle of Man or the Cayman Islands. Mr Nadir has distanced himself from South Audley Management, the company with offices in Berkeley Square, London, raided last week by the Serious Fraud Office. According to company sources the ultimate owner of South Audley Management is understood to be Mrs Safiye Nadir, mother of Asil Nadir and Bilge Nevzat. Evidently Asil Nadir could expect to become a beneficiary on his mother's death. The diagram above, while not definitive, gives a general outline of the family's trading structure.

Records in St Helier show that South Audley is owned by Damor Investments and Cacique Investments, both registered at the Jersey offices of Ernst and Young.

The ownership has been transferred to other companies held at the Jersey offices of Rawlinson and Hunter, the Nadir family accountants.

Before the merger between Arthur Young and Ernst and Whinney, Arthur Young and Rawlinson and Hunter shared certain nominee companies, Damor, Cacique and Paternoster.

Mr Nadir uses several offshore companies for his holdings in Polly Peck International. Most of his 28 per cent stake is held through Restro Investment in Jersey and a series of nominee companies. Restro is held by Hillgate, an Isle of Man registered company held mostly by Mr Nadir.

Nadir Investments, a Swiss company, is also involved. Mr Jason Davies, listed as a director of Baggrave Hall, the company that manages Mr Nadir's country home in Leicestershire, is one of its directors. He carried out share deals in Polly Peck on behalf of Swiss nominee companies. Mrs Elizabeth Forsyth is a South Audley director also listed as a director of Baggrave Hall.

Mrs Bilge Nevzat, sister to Mr Nadir, prefers the Cayman Islands as an offshore base. Fairweather Investments holds in trust the majority shareholdings in Noble Raredon of Mrs Nevzat and Mr Fehim Nevzat, her husband. Mrs Nevzat took control of Gnome Photographic Products in 1988, which became Noble Raredon. Another Noble Raredon director, Mr Arseven Gumush was a director of South Audley Management.

# Block share trade accelerated decline

By Clay Harris

ON SEPTEMBER 20, the last, eventful day that Polly Peck International shares traded, the sharp decline in its price was accelerated by a block trade of 7.9m shares.

There is still no firm evidence where these shares – accounting for 1.8 per cent of shares in issue – came from.

Any shareholder owning a 3 per cent stake or more has been required since May to inform the company within two days of any transaction.

However, in the case of Polly Peck, no conclusions follow from the fact that no such transaction has been declared.

There is still no firm indication whether shareholders with disclosable stakes dealt in the critical hours before the shares were suspended.

# Guardians of the interests of the shareholders

By Emma Tucker

THE NON-EXECUTIVE directors of Polly Peck International are:

**Mr Neil Mills**, 67, chaired the Sedgwick Group, the biggest of Lloyd's broking groups, and its predecessor companies, for 19 years. As chairman of a small insurance brokerage, he arranged a series of mergers that culminated in 1979 with the merger of Bland Payne Holdings and Sedgwick Forbes Holdings into the Sedgwick Group.

As chairman of the Sedgwick Group, he pursued an aggressive, acquisition-minded strategy and his resignation in 1984 raised a number of eyebrows.

Observers wondered whether his decision reflected Sedgwick's failure to complete a big US acquisition that would have put the seal on its rapid expansion.

He was chairman when Sedgwick was involved in the PCW scandal that erupted in the Lloyd's of London insurance market in 1982. Sedgwick was involved, in that one of its subsidiaries handled some of the PCW reinsurance contracts. In 1985 it paid £10m to help cover losses suffered by the syndicate members.

**Sir Michael Sandberg**, the 63-year-old former chairman and chief executive of HongKong & Shanghai Banking Corporation, is a cricket supporter who last year was appointed chairman of an appeal to save the Oval, home of the Surrey County Cricket Club.

He joined the board of Polly Peck last June, and recently became a non-executive chairman of Anglo Chinese Selections, the risk capital arm of Anglo Chinese Holdings, set up as a privately-owned investment bank in 1988.

He retired from HongKong Bank in 1986 and since then has lived in Nice, France.

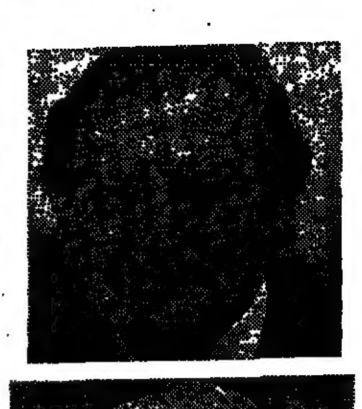
**Mr Larry Tindale** is the deputy chairman of 3i, the venture capital group. He has been a member of the British Institute of Management for over 30 years and is a member of its board of companions. From 1972-74 he was director of industrial development at the DTI.

**Mr Dick Halpin**, 77, was appointed to the board in 1982. From 1972 to 1979 he was a director of Francis Industries, which makes gearbox components and metal containers. From 1963 to 1968 he was deputy chairman of Fine Fair, the supermarket group, and finance director of Associated British Foods, the milling and baking group.

**Mr Ulf Siebel**, 66, is the deputy chairman of Krupp Lonrho and deputy chairman of the Hypothekenbank in Essen, West Germany. He sits on the supervisory board of the Arab Banking Corporation – Daus & Co, in Frankfurt. He is also a member of the admission board of the Frankfurt Stock Exchange and of the Frankfurt Bar. He was appointed to the Polly Peck board two years ago.

Yesterday he said he felt uncomfortable about the Polly Peck affair. "Things are moving so fast that it is very hard to say what is going to happen." He said it was important to stress that the underlying value of the company was still there.

"I think you could write a book about this one day. I just hope it will not be called 'Do You Sincerely Want to Become Rich'."



Neil Mills and Sir Michael Sandberg (below)

## ECONOMIC DIARY

**TODAY:** United Nations - Unicef two-day world summit for children opens, at which 38 presidents, 20 prime ministers, and two monarchs are scheduled to speak.

**TOMORROW:** Labour Party annual conference opens, Blackpool (until October 5). Informal EC agriculture ministers' meeting in Palermo.

**MONDAY:** US President George Bush addresses UN general assembly. German Christian Democratic Union two-day congress opens in Hamburg at which eastern and western parties will merge. Foreign ministers from 35 nations attend two-day conference in New York on security and co-operation in Europe. Two-day Franco-Spanish summit opens in Paris. Central Statistical Office (CSO) publishes second quarter final figures for finished steel consumption and stock changes; August final figures for retail sales; and August credit business. August figures from the Bank of England for sterling commercial paper; London sterling certificates of deposit; monetary statistics (including bank and building societies balance sheets); and bill turnover statistics. Deadline for US budget agreement.

**TUESDAY:** Treasury publishes September figures for UK official reserves. FT two-day environment conference opens in Birmingham.

**WEDNESDAY:** Overseas travel and tourism figures for July from CSO. Department of Energy publishes advance energy statistics for August. Detailed analysis of employment, unemployment, earnings, prices and other indicators from the Department of Employment. European Commission to discuss farm reform for Uruguay Round. Advertising industry profitability survey published.

**THURSDAY:** First pan-German Bundestag (parliament) session opens in old Reichstag building, Berlin. The Economist conference on the greening of European business, Munich.

**FRIDAY:** Department of the Environment issues figures for housing starts and completions in August. Foreign ministers of Canada and the Association of South-East Asian Nations meet in Jasper, Alberta (until October 7).

## FT-ACTUARIES SHARE INDICES



| EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Fri Sep 28 1990 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%)) | Est. P/E Ratio (Net) | xd adj. 1990 to date | Thu Sep 27 Index No. | Wed Sep 26 Index No. | Tue Sep 25 Index No. | Year ago (approx) Index No. | 1990 High | 1990 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 CAPITAL GOODS (194) | 675.36 | -0.5 | 16.61 | 7.03 | 7.37 | 29.40 | 678.45 | 673.98 | 665.34 | 963.87 | 960.80 4/1 | 658.43 24/9 | 1038.07 16/7/87 | 50.71 13/12/74 |
| 2 Building Materials (26) | 864.16 | -0.4 | 17.05 | 7.05 | 7.22 | 34.59 | 867.49 | 850.66 | 829.48 | 1167.78 | 1188.21 3/1 | 812.99 20/9 | 1381.08 16/7/87 | 44.27 11/12/74 |
| 3 Contracting, Construction (34) | 1018.06 | -0.4 | 20.83 | 7.83 | 6.27 | 50.99 | 1022.64 | 1011.75 | 994.71 | 1571.07 | 1621.44 4/1 | 993.11 24/9 | 1951.50 16/7/87 | 71.48 2/12/74 |
| 4 Electricals (10) | 1857.04 | +0.3 | 15.14 | 7.18 | 8.08 | 73.06 | 1850.95 | 1813.26 | 1812.59 | 2830.58 | 2751.15 4/1 | 1805.83 24/9 | 3040.80 8/9/89 | 84.71 25/6/62 |
| 5 Electronics (26) | 1510.77 | -0.1 | 11.13 | 5.67 | 12.29 | 56.74 | 1512.18 | 1507.71 | 1507.85 | 2125.72 | 2044.72 9/1 | 1486.79 24/9 | 2308.22 19/5/89 | 1229.01 8/10/85 |
| 6 Engineering-Aerospace (8) | 408.06 | -0.4 | 16.49 | 5.90 | 7.29 | 15.17 | 409.50 | 410.10 | 404.09 | 0.00 | 502.42 13/6 | 399.79 24/9 | 502.42 13/6/90 | 399.79 24/9/90 |
| 7 Engineering-General (47) | 361.71 | -0.3 | 16.58 | 7.18 | 7.25 | 15.76 | 362.64 | 363.60 | 362.26 | 0.00 | 505.10 15/6 | 361.71 28/9 | 505.10 15/6/90 | 361.71 28/9/90 |
| 8 Metals and Metal Forming (7) | 384.16 | -0.4 | 29.79 | 8.71 | 4.08 | 17.02 | 385.55 | 388.81 | 386.56 | 503.48 | 515.57 4/1 | 384.09 24/9 | 596.67 9/10/87 | 49.65 6/1/75 |
| 9 Motors (13) | 267.73 | -0.8 | 19.08 | 8.87 | 6.10 | 14.26 | 269.75 | 268.49 | 265.52 | 372.45 | 403.90 4/1 | 260.41 24/9 | 411.42 13/10/87 | 19.91 6/1/75 |
| 10 Other Industrial Materials (23) | 1146.00 | -1.0 | 15.03 | 7.14 | 7.69 | 56.53 | 1157.59 | 1150.28 | 1126.52 | 1738.37 | 1774.64 3/1 | 1105.20 20/9 | 1881.53 18/8/89 | 277.55 15/1/81 |
| 21 CONSUMER GROUP (177) | 1123.61 | -1.2 | 11.03 | 4.59 | 11.21 | 29.31 | 1137.67 | 1132.79 | 1126.92 | 1322.87 | 1357.03 3/1 | 1121.42 24/9 | 1417.92 4/9/89 | 61.41 13/12/74 |
| 22 Brewers and Distillers (22) | 1378.48 | -1.0 | 11.35 | 4.28 | 10.67 | 33.47 | 1391.81 | 1385.19 | 1382.10 | 1464.76 | 1650.55 20/7 | 1369.31 6/3 | 1650.55 20/7/90 | 69.47 13/12/74 |
| 25 Food Manufacturing (18) | 973.49 | -1.0 | 11.93 | 5.01 | 10.33 | 24.61 | 983.50 | 973.38 | 962.53 | 1160.48 | 1184.41 3/1 | 959.38 24/9 | 1220.42 4/9/89 | 59.67 11/12/74 |
| 26 Food Retailing (17) | 2237.03 | -0.5 | 10.66 | 3.73 | 11.95 | 50.82 | 2249.22 | 2243.22 | 2227.81 | 2520.60 | 2617.14 27/7 | 2188.04 30/4 | 2722.30 5/9/89 | 54.25 11/12/74 |
| 27 Health and Household (16) | 2292.65 | -1.9 | 7.75 | 3.25 | 15.31 | 47.38 | 2336.14 | 2326.73 | 2319.01 | 2514.86 | 2795.49 4/1 | 2166.10 24/8 | 2795.49 4/1/90 | 175.38 28/5/80 |
| 29 Leisure (32) | 1120.48 | -1.2 | 13.37 | 5.61 | 9.05 | 36.79 | 1133.59 | 1124.53 | 1127.11 | 1735.27 | 1717.22 9/1 | 1117.43 24/9 | 1845.77 8/9/89 | 54.83 9/1/75 |
| 31 Packaging & Paper (12) | 470.91 | -1.0 | 13.67 | 7.39 | 8.98 | 22.54 | 475.54 | 478.92 | 476.55 | 595.99 | 625.01 17/7 | 470.91 28/9 | 739.48 16/7/87 | 43.46 6/1/75 |
| 32 Publishing & Printing (15) | 2764.16 | -2.5 | 13.06 | 6.78 | 9.58 | 118.55 | 2835.25 | 2862.53 | 2868.52 | 3742.44 | 3853.61 4/1 | 2764.16 28/9 | 5070.66 5/10/87 | 55.08 6/1/75 |
| 34 Stores (33) ● | 725.01 | -1.1 | 12.21 | 5.14 | 10.65 | 18.26 | 732.81 | 730.05 | 721.57 | 842.49 | 866.32 13/6 | 690.43 27/4 | 1160.58 29/7/87 | 52.63 6/1/75 |
| 35 Textiles (12) | 395.22 | -0.6 | 15.27 | 8.97 | 8.29 | 19.76 | 397.66 | 393.21 | 391.00 | 568.95 | 554.37 4/1 | 388.59 24/9 | 914.52 2/10/87 | 62.66 11/12/74 |
| 40 OTHER GROUPS (108) | 937.04 | -0.8 | 13.49 | 6.29 | 8.99 | 31.51 | 944.60 | 936.98 | 935.24 | 1181.13 | 1233.52 3/1 | 932.53 24/9 | 1233.52 3/1/90 | 58.63 6/1/75 |
| 41 Agencies (16) | 1070.84 | -0.3 | 10.07 | 3.70 | 12.07 | 22.00 | 1073.98 | 1054.29 | 1054.82 | 1553.51 | 1757.73 15/6 | 1051.28 24/9 | 1795.57 17/7/87 | 870.35 4/12/87 |
| 42 Chemicals (24) | 955.26 | -1.0 | 13.90 | 6.97 | 8.50 | 46.23 | 964.89 | 958.00 | 954.41 | 1284.11 | 1335.87 14/6 | 940.57 24/9 | 1545.46 5/10/87 | 71.20 1/12/74 |
| 43 Conglomerates (16) | 1234.77 | -2.2 | 13.67 | 8.10 | 8.80 | 35.71 | 1262.40 | 1268.27 | 1257.98 | 1658.19 | 1722.31 14/6 | 1234.77 28/9 | 1819.46 11/8/89 | 975.19 10/11/87 |
| 44 Transport (14) | 1740.24 | -1.1 | 13.91 | 6.02 | 9.11 | 65.20 | 1759.39 | 1763.71 | 1764.78 | 2374.93 | 2458.00 4/1 | 1740.24 28/9 | 2554.69 12/7/89 | 90.80 29/6/62 |
| 46 Telephone Networks (3) | 1039.44 | ..... | 12.59 | 5.26 | 10.34 | 26.09 | 1039.39 | 1017.41 | 1023.32 | 1148.38 | 1290.72 3/1 | 1017.41 26/9 | 1290.72 3/1/90 | 517.92 30/11/84 |
| 47 Water (10) | 1936.20 | -1.0 | 15.93 | 6.99 | 7.06 | 68.12 | 1954.94 | 1949.91 | 1935.31 | 0.00 | 2079.08 16/2 | 1820.20 1/5 | 2079.08 16/2/90 | 1820.20 1/5/90 |
| 48 Miscellaneous (25) | 1461.36 | -0.3 | 14.34 | 6.16 | 8.01 | 61.39 | 1465.34 | 1452.52 | 1446.55 | 1938.06 | 1981.35 3/1 | 1445.37 24/9 | 2087.06 11/7/89 | 60.39 6/7/75 |
| 49 INDUSTRIAL GROUP (479) ● | 958.21 | -0.9 | 13.01 | 5.66 | 9.41 | 30.96 | 967.21 | 961.45 | 955.80 | 1206.97 | 1234.94 3/1 | 950.55 24/9 | 1273.71 5/9/89 | 59.01 13/12/74 |
| 51 Oil & Gas (21) | 2314.52 | -0.3 | 10.77 | 5.40 | 12.15 | 84.75 | 2322.49 | 2348.62 | 2392.02 | 2163.03 | 2528.70 3/8 | 2111.34 30/4 | 2528.70 3/8/90 | 87.23 29/5/62 |
| 59 500 SHARE INDEX (500) ● | 1068.52 | -0.8 | 12.65 | 5.61 | 9.77 | 35.28 | 1077.52 | 1074.11 | 1072.12 | 1288.21 | 1338.65 3/1 | 1068.52 28/9 | 1369.88 16/7/87 | 63.49 13/12/74 |
| 61 FINANCIAL GROUP (103) | 630.28 | -1.1 | – | 7.52 | – | 31.27 | 637.31 | 631.46 | 630.90 | 798.30 | 869.67 3/1 | 621.68 24/9 | 896.67 13/10/87 | 55.88 13/12/74 |
| 62 Banks (9) | 658.02 | -0.9 | 24.84 | 8.73 | 5.27 | 41.50 | 663.67 | 657.43 | 664.57 | 805.84 | 918.30 2/2 | 650.43 24/9 | 918.30 2/2/90 | 62.44 12/12/74 |
| 65 Insurance (Life) (7) | 1248.26 | -1.2 | – | 6.14 | – | 54.97 | 1263.16 | 1251.93 | 1247.57 | 1221.95 | 1519.19 29/6 | 1220.17 1/5 | 1519.19 29/6/90 | 44.88 2/1/75 |
| 66 Insurance (Composite) (6) | 537.62 | -1.0 | – | 7.90 | – | 27.35 | 543.25 | 538.09 | 536.76 | 657.90 | 763.09 2/1 | 526.46 24/9 | 768.11 29/12/89 | 43.96 13/12/74 |
| 67 Insurance (Brokers) (8) | 772.09 | -2.1 | 11.60 | 8.37 | 11.27 | 40.46 | 789.00 | 782.38 | 765.26 | 1003.19 | 1194.74 4/1 | 757.70 24/9 | 1399.56 17/7/87 | 65.86 16/12/74 |
| 68 Merchant Banks (7) | 324.23 | -0.6 | – | 6.31 | – | 12.31 | 326.34 | 324.35 | 322.21 | 393.30 | 502.02 8/2 | 319.38 24/9 | 547.59 12/10/87 | 31.21 7/1/75 |
| 69 Property (45) | 848.36 | -1.6 | 8.91 | 5.73 | 14.81 | 24.52 | 862.41 | 852.63 | 837.71 | 1321.24 | 1242.53 4/1 | 834.72 24/9 | 1398.87 5/9/89 | 56.01 20/4/65 |
| 70 Other Financial (21) | 234.14 | -0.9 | 12.01 | 7.43 | 10.81 | 10.30 | 236.21 | 235.59 | 235.20 | 360.90 | 350.59 4/1 | 234.14 28/9 | 603.48 16/7/87 | 33.29 17/12/74 |
| 71 Investment Trusts (66) | 954.21 | -1.6 | – | 4.14 | – | 24.36 | 969.29 | 968.25 | 971.05 | 1257.95 | 1323.81 4/1 | 954.21 28/9 | 1323.81 4/1/90 | 71.12 13/12/74 |
| 91 Overseas Traders (5) | 1115.30 | -1.8 | 12.91 | 8.27 | 9.22 | 59.65 | 1135.36 | 1109.29 | 1100.82 | 1404.71 | 1614.04 3/1 | 1079.53 24/9 | 1614.04 3/1/90 | 97.37 6/1/75 |
| 99 ALL-SHARE INDEX (674) ● | 962.18 | -0.9 | – | 5.85 | – | 33.89 | 970.90 | 966.97 | 965.39 | 1169.55 | 1226.83 3/1 | 962.09 24/9 | 1238.57 16/7/87 | 61.92 13/12/74 |

| | Index No. | Day's Change | Day's High (a) | Day's Low (b) | Sep 27 | Sep 26 | Sep 25 | Sep 24 | Sep 21 | Year ago | 1990 High | 1990 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX‡ | 1990.2 | -18.9 | 1999.9 | 1974.1 | 2009.1 | 2000.0 | 1999.2 | 1990.3 | 2025.5 | 2299.4 | 2463.7 3/1 | 1990.2 28/9 | 2463.7 3/1/90 | 986.9 23/7/84 |

## FIXED INTEREST

| PRICE INDICES | Fri Sep 28 | Day's change % | Thu Sep 27 | xd adj. today | xd adj. 1990 to date |
|---|---|---|---|---|---|
| **British Government** | | | | | |
| 1 Up to 5 years | 116.13 | +0.15 | 115.95 | – | 9.49 |
| 2 5-15 years | 119.98 | +0.29 | 119.63 | – | 10.23 |
| 3 Over 15 years | 120.50 | +0.38 | 120.04 | – | 9.84 |
| 4 Irredeemables | 138.97 | +0.09 | 138.84 | – | 8.85 |
| 5 All stocks | 120.58 | +0.25 | 120.28 | – | 10.04 |
| **Index-Linked** | | | | | |
| 6 Up to 5 years | 152.52 | +0.28 | 152.10 | – | 2.46 |
| 7 Over 5 years | 137.77 | +0.51 | 137.07 | – | 3.12 |
| 8 All stocks | 138.77 | +0.49 | 138.09 | – | 3.06 |
| 9 Debentures & Loans | 99.37 | +0.02 | 99.35 | – | 8.93 |
| 10 Preference | 72.37 | -0.03 | 72.39 | – | 5.23 |

| AVERAGE GROSS REDEMPTION YIELDS | | Fri Sep 28 | Thu Sep 27 | Year ago (approx.) | 1990 High | 1990 Low |
|---|---|---|---|---|---|---|
| **British Government** | | | | | | |
| 1 Low Coupons | 5 years | 11.12 | 11.14 | 10.17 | 12.36 2/5 | 10.16 2/1 |
| 2 | 15 years | 11.12 | 11.14 | 9.59 | 11.94 30/4 | 9.58 2/1 |
| 3 | 25 years | 11.12 | 11.14 | 9.45 | 11.85 30/4 | 9.52 2/1 |
| 4 Medium Coupons | 5 years | 12.18 | 12.22 | 11.14 | 13.58 2/5 | 11.03 2/1 |
| 5 | 15 years | 11.62 | 11.66 | 9.99 | 12.45 27/4 | 9.97 2/1 |
| 6 | 25 years | 11.33 | 11.36 | 9.58 | 11.98 27/4 | 9.65 2/1 |
| 7 High Coupons | 5 years | 12.27 | 12.30 | 11.25 | 13.67 2/5 | 11.17 2/1 |
| 8 | 15 years | 11.90 | 11.94 | 10.19 | 12.76 27/4 | 10.17 2/1 |
| 9 | 25 years | 11.66 | 11.69 | 9.72 | 12.27 27/4 | 9.78 2/1 |
| 10 Irredeemables | | 11.22 | 11.22 | 9.49 | 11.83 30/4 | 9.66 4/1 |
| **Index-Linked** | | | | | | |
| 11 Inflation rate 5% | Up to 5yrs. | 4.48 | 4.57 | 3.45 | 5.48 20/7 | 3.83 5/1 |
| 12 Inflation rate 5% | Over 5 yrs. | 4.35 | 4.39 | 3.61 | 4.39 27/9 | 3.60 4/1 |
| 13 Inflation rate 10% | Up to 5 yrs. | 3.28 | 3.36 | 2.62 | 4.37 9/7 | 2.95 2/1 |
| 14 Inflation rate 10% | Over 5 yrs. | 4.17 | 4.20 | 3.44 | 4.20 27/9 | 3.43 4/1 |
| 15 Debs & Loans | 5 years | 14.26 | 14.26 | 12.94 | 16.70 30/4 | 13.01 15/1 |
| 16 | 15 years | 13.05 | 13.05 | 12.15 | 14.48 26/4 | 12.27 12/1 |
| 17 | 25 years | 12.71 | 12.71 | 11.58 | 13.89 4/5 | 11.99 2/1 |
| 18 Preference | | 13.06 | 13.06 | 10.38 | 13.08 26/9 | 10.87 2/1 |

‡Opening index 1999.8; 9 am 1981.9; 10 am 1984.7; 11 am 1994.9; Noon 1986.2; 1 pm 1986.7; 2 pm 1988.1; 3 pm 1975.0; 4 pm 1984.8; 4.10 pm 1986.0; (a) 8.35am (b) 2.57pm

| Equity section or group | Base date | Base value | Equity section or group | Base date | Base value | Equity section or group | Base date | Base value |
|---|---|---|---|---|---|---|---|---|
| Engineering - Aerospace | 29/12/89 | 486.00 | Other Industrial Materials | 31/12/80 | 287.41 | Food Retailing | 29/12/67 | 114.13 |
| Engineering - General | 29/12/89 | 486.00 | Health/Household Products | 30/12/77 | 261.77 | Insurance Brokers | 29/12/67 | 96.67 |
| Water | 29/12/89 | 1968.45 | Other Groups | 31/12/74 | 63.75 | All Other | 10/4/62 | 100.00 |
| Agencies | 31/12/86 | 1114.07 | Overseas Traders | 31/12/74 | 100.00 | British Government | 31/12/75 | 100.00 |
| Conglomerates | 31/12/86 | 1114.07 | Industrial Group | 31/12/70 | 128.20 | Do. Index-linked | 30/4/82 | 100.00 |
| Telephone Networks | 30/11/84 | 517.92 | Other Financial | 31/12/70 | 128.06 | Debs & Loans | 31/12/77 | 100.00 |
| Electronics | 30/12/83 | 1646.65 | Food Manufacturing | 29/12/67 | 114.13 | Preference | 31/12/77 | 76.72 |
| | | | | | | FT-SE 100 Index | 30/12/83 | 1000.00 |

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.
● CORRECTED FIGURES (27/9/90).

## LONDON TRADED OPTIONS

FEARS about the expiry of the FT-SE September futures and options yesterday proved ungrounded as trading progressed smoothly up until the ten-minute finalisation period shortly after 11am.

On the Liffe, the majority of the September FT-SE contracts had been closed on the previous day and when the market opened dealers concentrated on the December issue selling it heavily and dragging the underlying equity index down.

The market rallied later in the morning but fears about Wall Street and the S&Ps – the American futures – pushed it back.

The S&Ps opened at their technical base limit down of five points, something that happens only rarely.

The December issue sank to 2,000 but at the close of trading on the Liffe the S&Ps were one point up on the day and the December FT-SE futures rallied to 2,019 with a turnover of 11,982 – about £525m in underlying value.

Mr Charles Annandale of BZW said institutions were buying into the December issue, because at about 35 points below estimated fair value it was a bargain that enabled them to delay the moment when they needed to switch into stocks.

The final volume for the September issue, which closed at 1,989, was 2,865.

Turnover in the London Traded Options Market was healthy at 47,281, up by 50 per cent on the previous day, with the FT-SE options accounting for 40 per cent of the turnover as the September option expired yesterday.

A total of 18,809 FT-SE contracts were exchanged (15,386 calls and 3,423 puts) and analysts said institutions were back in the market hedging their portfolios against further falls in the underlying equity market.

BP (4,218) was the top performer in the equity stocks with dealers attributing the volume to two-way business. United Biscuits saw busy dealing of 4,207 lots on the back of large trades in the equity market and STC (2,470 lots) was also active.

| Option | | Calls Oct | Calls Jan | Calls Apr | Puts Oct | Puts Jan | Puts Apr |
|---|---|---|---|---|---|---|---|
| Allid Lyons (*425) | 390 | 40 | 54 | – | 3½ | 9 | – |
| | 420 | 16 | 34 | 55 | 8 | 21 | 26 |
| | 460 | 3 | 16 | 30 | 37 | 43 | 46 |
| ASDA (*113) | 100 | 15 | 20 | – | 1½ | 4½ | – |
| | 110 | 6½ | 14 | 17 | 4 | 7½ | 10 |
| | 120 | 3 | 8½ | 12 | 10 | 13 | 15 |
| Brit. Airways (*145) | 140 | 9 | 14 | 18 | 5 | 8 | 12 |
| | 160 | 2 | 7 | 11 | 19 | 21 | 22 |
| | 180 | 1 | 3 | 6 | 37 | 39 | 41 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| Option | | Calls Oct | Calls Jan | Calls Apr | Puts Oct | Puts Jan | Puts Apr |
|---|---|---|---|---|---|---|---|
| Trafalgar (*190) | 160 | 34 | 39 | 41 | 2 | 8 | 12 |
| | 180 | 17 | 25 | 29 | 5 | 17 | 24 |
| | 200 | 6 | 12 | 19 | 15 | 27 | 31 |
| Utd. Biscuits (*309) | 300 | 13 | 28 | 34 | 7 | 12 | 16 |
| | 330 | 2½ | 13 | 20 | 30 | 33 | 37 |
| | 360 | 1½ | 5 | 11 | 57 | 57 | 58 |
| Unilever (*607) | 600 | 23 | 46 | 67 | 14 | 30 | 35 |
| | 650 | 4 | 27 | 44 | 52 | 55 | 60 |
| | 700 | 2 | 13 | 26 | 100 | 100 | 100 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| Option | | Calls Dec | Calls Mar | Calls Jun | Puts Dec | Puts Mar | Puts Jun |
|---|---|---|---|---|---|---|---|
| Abbey Nat. (*196) | 180 | 23 | – | – | 3 | – | – |
| | 200 | 12 | 19 | 21 | 12 | 16 | 16 |
| Amstrad (*49) | 45 | 9 | 10 | 11½ | 5 | 6 | 7 |
| | 50 | 5½ | 7½ | 9 | 7½ | 8½ | 9½ |
| Barclays (*309) | 300 | 28 | 40 | 45 | 11 | 20 | 22 |
| | 330 | 14 | 27 | 28 | 25 | 34 | 37 |
| Blue Circle (*194) | 180 | 24 | 32 | 34 | 6½ | 9 | 13 |
| | 200 | 12 | 22 | 24 | 14 | 18 | 23 |
| British Gas | 200 | 16½ | 21 | 23 | 6 | 8½ | 11 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

# Bond Corporation loss reaches record A$2.24bn

**By Kevin Brown in Sydney**

BOND Corporation Holdings yesterday announced a preliminary unaudited loss of A$2.24bn (US$1.85bn) for the year to June 30, just two days after the resignation from the board of Mr Alan Bond, the entrepreneur who founded the company 21 years ago.

The announcement wins back for Bond Corporation the dubious distinction of incurring Australia's record corporate loss. The group's previous record of A$980m for 1988-89 was exceeded only three days ago by Mr John Elliott's Elders IXL, which reported net losses of A$1.3bn.

However, Bond Corporation's results do not include the proceeds of the sale of the group's Bond Brewing subsidiary – producer of Castlemaine XXXX, Swan and Tooheys lagers – to Bell Resources and Lion Nathan, the New Zealand brewer.

The A$1.8bn sale is expected to be completed shortly, but the board said it would be more "meaningful" for the sale to be reflected in the final audited accounts, expected later this year.

The preliminary result, published after a demand from the Australian Stock Exchange (ASX), was achieved on reduced sales of A$6.8bn, compared with A$7.67bn last year, reflecting asset sales undertaken to reduce the group's heavy debt load.

The accounts reveal that Bond Corporation had reduced debts from A$8.3bn last year to A$4.9bn at the balance date, but the value of the company's remaining assets was only A$3.5bn. The directors said debts would exceed assets by A$1.06bn after completion of the brewery sale and a related repurchase of debentures from US investors.

The loss was struck after provisions of A$452.3m against the group's investment in Bell Resources; A$371.2m against its investment in G. Heileman, the troubled US brewer; and A$191.7m against its stake in British Satellite Broadcasting.

The group also revealed a net loss of A$33.1m on the sale of petroleum assets; a provision of A$42.9m against the value of overseas petroleum assets; a provision of A$221.3m against its investment in Bond Media, recently sold to Mr Kerry Packer's Consolidated Press Holdings; and losses of A$204.2m on sales and non-recovery of property assets.

The board made no provisions against carrying costs of A$197.4m against a failed petrochemical project in Perth and a disputed indemnity agreement with the State Government Insurance Commission of Western Australia. The directors said they were confident of winning litigation relating to both cases.

The board said it was clear from the accounts "that the company could not hope to continue in its present form". But it was confident that creditors would recover their investment through further asset sales.

The ASX decision to force Bond Corporation to produce preliminary figures follows an ultimatum to Mr Bond and two other directors which forced their resignations earlier this week.

Officially, the exchange is still considering delisting the group for earlier breaches of its listing rules, but is unlikely to do so unless the brewing sale falls through or Mr Bond tries to reassert control through Dallhold, his private company, which owns 58 per cent of Bond Corporation shares.

Mr Bond has given assurances to creditors, including European bondholders, that he will limit Dallhold's voting rights to 25 per cent of Bond Corporation stock. Mr Peter Lucas, the new Bond Corporation chairman, is discussing a scheme of arrangement with creditors involving a debt for equity swap which would probably leave Mr Bond with around 5 per cent of the shares.

# Elders Resources deficit widens

**By Kevin Brown**

ELDERS Resources NZFP, recently sold to Carter Holt Harvey by Mr John Elliott's troubled Elders IXL, yesterday announced the biggest loss in New Zealand corporate history.

After abnormal and extraordinary losses of NZ$1.15bn, the company lost NZ$972.2m (US$599m) in the year to June 30, easily topping the previous record loss of NZ$841.37m reported last December by Chase Corporation.

All the losses were incurred while Elders Resources NZFP was under the control of Elders IXL, which reported a net loss of A$1.3bn earlier this week. Elders' 52 per cent controlling interest in the company was sold to Carter Holt Harvey for A$623m in June.

Mr Richard Carter, chairman, said the loss had been fully accounted for in the price paid to Elders for its controlling shareholding. Mr Carter said the core forest products division had increased earnings by 50 per cent.

"The significance of the [division's] performance cannot be over-emphasised, particularly in the light of the prevailing nature of the New Zealand economy," he said.

Mr Carter said the extraordinary and abnormal items were made up of goodwill and other intangibles of A$725m placed on non-forest assets in 1988 at the time of the group's reverse takeover by NZ Forest. The bulk of the further write-down in asset values to below book value related to the gold mining assets.

He said the non-forest assets of the group were now on the balance sheet as businesses held for sale. Sale proceeds would remain within the Elders Resources NZFP group.

# FN Herstal trading position worsens

**By Lucy Kellaway in Brussels**

FABRIQUE Nationale Herstal, the nearly bankrupt Belgian arms maker, yesterday won an extra month from its shareholders in which to patch together an ambitious plan to save the company.

At an annual general meeting in Liege shareholders were told yesterday of the company's worsening trading position. FN lost BFr1.8bn ($55.6m) in the first six months, almost as much as the BFr2.3bn lost in the whole of 1989, while first-half turnover fell from BFr6bn in 1989 to just BFr1.8bn. The company blamed the figures on the high costs of trying to rationalise its business and the weakening arms market.

FN had hoped that by yesterday it would have been able to announce a plan involving a capital injection of BFr13bn, and a cut in workforce of 1,200. But it had not yet managed to reach firm agreements with any of its shareholders, with its creditor banks, with the national and regional governments – which are expected to supply some of the needed money – nor with any industrial partner.

However, it expressed the hope that the matter could be settled by the end of October.

# Volvo's North American chief quits

**By Robert Taylor in Stockholm and Kevin Done in London**

MR BJORN Ahlström, 56, head of the North American operations of Volvo, the Swedish automotive group, is to leave the company in the latest of a growing wave of senior management defections.

Three weeks ago Mr Roger Holtback, the president of Volvo's car operations, announced his departure to Skandinaviska Enskilda Banken, the leading Swedish bank.

Both men are believed to have been less than enthusiastic about Volvo's far-reaching alliance with Renault, the French state-owned vehicle maker.

At the same time Volvo is appointing the first non-Swedish member to its group executive committee with the appointment of Mr Amaury-Daniel de Seze, currently president of Volvo France, who will have the main responsibility for the co-ordination of Volvo's industrial co-operation with Renault.

In earlier moves this summer Mr Göran Carstedt, president of Volvo's Swedish sales and marketing organisation, left the company, and Volvo has also announced the departure of Mr Björn Karfalk, vice president of corporate finance.

Volvo is radically reorganising its management structure along product rather than geographical lines, while at the same time management changes are being necessitated by the alliance with Renault.

Volvo's operating units in North America, the company's single most important market, which have hitherto reported to the American parent company headed by Mr Ahlström, are now being organised as part of the car, truck, and marine and industrial engine product groups.

The heads of the operating units will report to their boards and to the Swedish product companies rather than to Volvo North America, which Mr Ahlström has headed since 1972.

Volvo North America will continue to exist mainly to deal with the company's financial and real estate investment activities, headed by Mr Albert Dowden, currently executive vice president.

Mr Ahlström will continue to represent Volvo on the boards of Volvo GM Heavy Truck, Park Ridge which owns Hertz Car Hire and IJ Holdings.

Volvo announced a number of other management changes yesterday including the retirement of Mr Gösta Renell, a long-serving executive vice president.

# Branson serenades the Japanese

**Michiyo Nakamoto on the launch of Virgin's first Tokyo megastore**

MR Richard Branson was the uncontested star at the opening of the first Virgin Megastore in Tokyo recently. In Japan, Mr Branson, whose shoulder-length blond hair, blue eyes and ready smile are guaranteed to bring idol status, is already something of a celebrity.

Not only has he been enthusiastically taken up by the Japanese media, his happy face features prominently on the preopening adverts circulated widely in national newspapers and in posters that have popped up all over town.

The opening celebrations for the Megastore, which is located in Marui's Fashion Building in the bustling Shinjuku district, was auspicious enough. Elizabeth Emanuel, the fashion designer, displayed her latest clothes, including her new design for Virgin Air's cabin crew.

The champagne flowed, the ribbon was cut and the crowds streamed in through the doors, ceremoniously guarded by two beefeaters who had been flown in from Britain for the occasion. The music to crown the event was none other than Madonna's "Like a Virgin".

However, to the disappointment of his fans, Mr Branson had been dissuaded by the predictable concern of the Japanese police from putting on some of his famous acts, like flying down in his balloon or appearing in a Batman outfit.

The Tokyo Megastore is the product of a joint venture, Virgin Megastores Japan, in which Virgin has a 50 per cent stake and Marui, the Japanese retailer, has the remaining half. They plan to open 10 megastores over the next five years.

The opening of the store comes at a time when a number of retailers, both Japanese and foreign, have plans to open large-scale stores in anticipation of a further relaxation of a Japanese retail store law, which has hitherto severely restricted the opening of large stores.

It is also one of a growing number of joint efforts between Japanese and foreign companies in the retail sector as consumer spending in Japan continues to be buoyant in contrast to the recent trend in the US and UK.

Virgin had been eyeing the Japanese music software market for some time before it met up with Marui and saw that its extensive store network and particular strength in metropolitan areas would be a distinct asset.

For Marui, the tie-up with Virgin provided a convenient way to branch out into an area that would strengthen its image as being youthful, innovative and as "hot" as its bright red logo. Besides, "music is always a major part of young people's lives", says Mr Masahiro Sasagawa, president of Virgin Megastore Japan.

"It was love at first sight,"

Branson: guaranteed idol status in Japan

Mr Sasagawa says of the first meeting between the two sides last year. Successive talks quickly led to an agreement to set up Virgin Megastores Japan with Mr Branson as chairman and Mr Sasagawa as president.

The appeal of Virgin Megastores lies no doubt in its scale, which is mammoth by Japanese standards. The floor space covering 1,000 square metres outclasses the majority of Japanese music stores with an average of just 60 square metres.

The low prices Virgin promises and Mr Branson's celebrity status are also key assets, particularly as the competition intensifies. There are already two other leading retailers specialising in music software in Tokyo, each with well established reputations of their own.

The Virgin aim, however, is not just to sell music and video software but to provide information and atmosphere as well. The store will sell Virgin Air tickets and jointly developed tours, and Marui is considering extending its relationship to other Virgin companies.

Marui also sees the tie-up as a first step in introducing more British products into its stores. Mr Sasagawa points out that Japan is now rediscovering Europe in general.

Virgin has other Japanese ties, such as the stake in the company held by Pony Canyon, a Japanese music software company. None of its existing Japanese links have affected Virgin's joint venture with Marui, but Mr Sasagawa says his company could conceivably work together in future with Virgin Japan to promote its music software.

Sales at Virgin Megastores for the first year are estimated at Y2.5bn ($18m) and in five years' time Y20bn for the 10 stores.

The Tokyo Megastore, however, faces competition right away. His Master's Voice of London plans to open the largest music software store in Tokyo in November.

It also plans to establish nine similar outlets in the metropolitan area over the next five years.

# Case Poclain tumbles into red

**By William Dawkins in Paris**

A DECLINE in demand for tractors from financially hard pressed French farmers contributed to a first-half loss for Case Poclain, the French maker of farm machinery and mechanical diggers.

Case Poclain, controlled by the US Tenneco group, yesterday reported a swing to a FFr58m ($11m) net loss for the first half of 1990, from a FFr35.1m net profit in the same period of last year.

Sales rose by 16.8 per cent from FFr3.13bn to FFr3.66bn, while the operating result swung from a FFr26.5m profit to a FFr57.9m loss.

The market for all brands of construction and farm equipment has fallen since the start of the year, though sales of Case mechanical diggers resisted the downturn well, said the company.

Hydraulic excavator sales rose by 13.7 per cent, despite poor demand from France and the rest of the Europe, but backhoe loader sales fell by 12 per cent, a slightly smaller drop than the average European market decline of 13.5 per cent for backhoes.

Farm tractor sales in France dropped in a weak market, while fierce competition eroded margins across the group. Higher interest costs and investments in new product launches provided a further drag on earnings.

The two trading periods are not completely comparable, because Poclain has changed the start of its year from December 1 to January 1.

# Swedish finance groups still in crisis talks

**By Robert Taylor in Stockholm**

TALKS TO resolve the crisis of confidence that has hit three of Sweden's main finance companies are expected to continue over the weekend in Stockholm after a week which saw a 14.2 per cent drop in the Veckans Affarer share index on the bourse.

No agreement emerged yesterday from the discussions between the affected finance companies and the banks.

Mr Gosta Fischer, head of the country's finance company association, said yesterday that there was "no evidence that any other finance companies have a problem". He did not believe there would be a "snowball" effect dragging other finance companies down.

Trading on the stock market remained suspended yesterday for Nyckeln and its main shareholder Beijer Capital; Infina/Independent along with Adepten and its chief shareholder Fermenta; and Gamlestaden, the finance company controlled by the financier Mr Eric Penser.

# Melia plans $1bn expansion in Brazil

**By Victoria Griffith in São Paulo**

MELIA, the Spanish hotel group, plans to invest US$1bn in Brazilian hotels over the next six years. The group, the second largest hotelier in Europe, plans to build 35 hotels, concentrating on north-east Brazil's resort cities.

Most of the financing will come from debt conversions, which the company also used to fund its recently-completed $230m investment in Mexico.

Melia, which is counting on a fast turnround in the Brazilian tourist market, hopes to become the largest hotel chain in Brazil.

Twelve of the new hotels will cater specifically for business executives, with 10 to be constructed in the state of Sao Paulo.

Eventually, the group plans to open at least one hotel in every main city in Brazil, including a five-star hotel in Manaus, in the heart of the Amazon.

Mr Evagrio Sanchez, vice president of the company's Latin American division, said Brazil's enormous tourist potential justified the large investment. Thetourist market has, however, been hard hit recently by over-valued cruzeiro, and foreigners' fears of crime.

## WORLD COMMODITIES PRICES

| WEEKLY PRICE CHANGES | Latest prices | Change on week | Year ago | High 1990 | Low 1990 |
|---|---|---|---|---|---|
| Gold per troy oz. | $404.75 | +15.50 | $368.0 | $420.25 | $345.75 |
| Silver Per troy oz | 255.80p | -4.85 | 324.8p | 323.50p | 252.20p |
| Aluminium 99.7% (cash) | $1895.0 | -332.5 | $1764.0 | $2227.5 | $1380.0 |
| Copper Grade A (cash) | £1527.5 | -50.0 | £1750.5 | £1747.5 | £1304.5 |
| Lead(cash) | £413 | -29 | £480.5 | £790 | £413 |
| Nickel (cash) | $10175 | +350 | $10850 | $11375 | $8075 |
| Zinc SHG (cash) | $1392.5 | -90.0 | $1645 | $1889 | $1250 |
| Tin (cash) | $6460 | +635 | $8587.5 | $7020 | $5785 |
| Cocoa Futures (Dec) | £747 | +2 | £740 | £967 | £622 |
| Coffee Futures (Nov) | £591 | -19 | £761 | £757 | £548 |
| Sugar (LDP Raw) | $271.2 | -13.8 | $353 | $388.4 | $258.0 |
| Barley Futures (Jan) | £116.75 | +0.15 | £107.75 | £116.75 | £103.45 |
| Wheat Futures (Jan) | £118.40 | +0.50 | £111.55 | £123.45 | £111.00 |
| Cotton Outlook A Index | 80.75c | -1.45 | 80.20c | 92.70c | 73.70c |
| Wool (64s Super) | 436p | -2 | 597p | 580p | 435p |
| Oil (Brent Blend) | $39.125y | +4.5 | $18.47 | $39.175 | $15.575 |

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. y-November

### London Markets

| SPOT MARKETS | | |
|---|---|---|
| Crude oil (per barrel FOB) | | + or - |
| Dubai | $35.45-5.55y | +.350 |
| Brent Blend (dated) | $40.65-0.75 | -.500 |
| Brent Blend (November) | $39.05-9.20 | -.050 |
| W.T.I. (1 pm est) | $39.43-9.45y | -.085 |
| Oil products (NWE prompt delivery per tonne CIF) | | + or - |
| Premium Gasoline | $444-448 | +8 |
| Gas Oil | $349-350 | +3 |
| Heavy Fuel Oil | $143-145 | +2 |
| Naphtha | $402-407 | +12 |
| *Petroleum Argus Estimates* | | |
| Other | | + or - |
| Gold (per troy oz)♣ | $404.75 | -0.50 |
| Silver (per troy oz)♣ | 480c | -1 |
| Platinum (per troy oz) | $431.75 | -9.75 |
| Palladium (per troy oz) | $96.00 | -1.75 |
| Aluminium (free market) | $1975 | -60 |
| Copper (US Producer) | 135c | |
| Lead (US Producer) | 50c | |
| Nickel (free market) | 475c | +5 |
| Tin (Kuala Lumpur market) | 16.26r | -0.55 |
| Tin (New York) | 287.0c | |
| Zinc (US Prime Western) | 84.5c | |
| Cattle (live weight)† | 99.33p | -2.61* |
| Sheep (dead weight)† | 122.00p | -6.43* |
| Pigs (live weight)† | 76.37p | -6.00* |
| London daily sugar (raw) | $271.2v | -4.2 |
| London daily sugar (white) | $313.7v | +3.7 |
| Tate and Lyle export price | £254.0 | -3.0 |
| Barley (English feed) | £115w | |
| Maize (US No. 3 yellow) | £151.0w | |
| Wheat (US Dark Northern) | £90.0w | |
| Rubber (Nov)♥ | 63.50p | +0.25 |
| Rubber (Dec)♥ | 63.75p | +0.25 |
| Rubber (KL RSS No 1 Oct) | 241.0m | +0.5 |
| Coconut oil (Philippines)§ | $282.5q | |
| Palm Oil (Malaysian)§ | $285.0y | |
| Copra (Philippines)§ | $197.5t | |
| Soyabeans (US) | £147.5w | |
| Cotton "A" index | 80.75c | |
| Wooltops (64s Super) | 436p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Dec. u-Oct/Dec v-Oct/Nov. w-Oct z-Aug/Sep y-Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

| SUGAR – London FOX ($ per tonne) | | | |
|---|---|---|---|
| Raw | Close | Previous | High/Low |
| Oct | 242.00 | 245.00 | 244.80 240.00 |
| Dec | 248.00 | 234.00 | 248.00 240.00 |
| Mar | 228.60 | 236.00 | 235.80 228.40 |
| May | 229.40 | 236.00 | 235.00 229.40 |
| Oct | 231.80 | 237.00 | 237.00 231.80 |
| Dec | 235.00 | 235.00 | 235.00 |
| White | Close | Previous | High/Low |
| Dec | 308.5 | 309.0 | 308.8 303.0 |
| Mar | 300.0 | 307.0 | 308.8 273.0 |
| May | 303.0 | 307.0 | 308.0 303.0 |
| Oct | 305.5 | 307.3 | 306.0 305.0 |
| Dec | 305.0 | 308.5 | 305.0 304.0 |

Turnover: Raw 3071 (3490) lots of 50 tonnes. White 708 (1010)
Paris- White (FFr per tonne): Dec 1600 Mar 1595, May 1600, Aug 1655, Oct 1615

| CRUDE OIL – IPE $/barrel | Latest | Previous | High/Low |
|---|---|---|---|
| Nov | 38.85 | 38.55 | 39.10 38.15 |
| Dec | 37.25 | 36.85 | 37.40 36.60 |
| Jan | 35.60 | 35.40 | 35.75 35.20 |
| Feb | 34.10 | 32.50 | 34.10 |
| Mar | 33.15 | 32.98 | 33.15 |
| IPE Index | 36.70 | 36.70 | 37.52 36.70 |

Turnover: 12742 (21055)

| GAS OIL – IPE $/tonne | Latest | Previous | High/Low |
|---|---|---|---|
| Oct | 341.50 | 338.00 | 348.00 338.00 |
| Nov | 340.00 | 330.50 | 340.50 330.00 |
| Dec | 331.25 | 323.50 | 331.75 323.50 |
| Jan | 316.00 | 313.50 | 321.00 313.00 |
| Feb | 301.00 | 291.00 | 303.00 295.00 |
| Mar | 285.00 | 285.00 | 291.50 285.00 |
| Apr | 268.00 | 265.00 | 273.00 268.00 |

Turnover 10778 (10565)lots of 100 tonnes

**SPICES**
Nutmegs: prices for Indonesian lower grades of nutmegs are still decreasing, whereas the better grades are stabilising, reports Man-Producten. Demand for good qualities comes from south-east Asia. Mace: from Indonesia no changes. Cassia: due to no demand prices coming down. More pressure from Indonesia in all grades for Oct, Nov and Dec shipment. Pimento: Mexican origin offering now well below US$1,275 a tonne cif basis. Demand from European industry slowly picking up. No offers available from Honduras and Guatemala. Jamaica is very high in comparison with Mexico.

| COCOA – London FOX £/tonne | Close | Previous | High/Low |
|---|---|---|---|
| Sep | 732 | 725 | 732 725 |
| Dec | 747 | 756 | 768 746 |
| Mar | 783 | 768 | 802 781 |
| May | 806 | 810 | 824 806 |
| Jul | 827 | 831 | 841 828 |
| Sep | 846 | 851 | 862 846 |
| Dec | 872 | 878 | 872 870 |

Turnover: 2790 (2372) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 27 988.03 (979.75) 10 day average for Sep 28 982.06 (983.75)

| COFFEE – London FOX £/tonne | Close | Previous | High/Low |
|---|---|---|---|
| Sep | 581 | 577 | 581 586 |
| Nov | 591 | 595 | 598 588 |
| Jan | 607 | 612 | 614 605 |
| Mar | 602 | 608 | 610 601 |
| May | 619 | 621 | 623 617 |
| Jul | 630 | 634 | 635 630 |
| Sep | 644 | 650 | 649 644 |

Turnover: 3928 (1903) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 27: Comp. daily 73.67 (73.57). 15 day average 75.14 (75.45)

| POTATOES – BFE £/tonne | Close | Previous | High/Low |
|---|---|---|---|
| Nov | 83.0 | 85.0 | 83.0 82.0 |
| Apr | 144.5 | 141.9 | 144.8 142.5 |

Turnover 219 (232) lots of 40 tonnes.

| SOYABEAN MEAL – BFE £/tonne | Close | Previous | High/Low |
|---|---|---|---|
| Dec | 112.50 | 114.00 | |

Turnover 0 (15) lots of 20 tonnes.

| FREIGHT FUTURES – BFE $10/index point | Close | Previous | High/Low |
|---|---|---|---|
| Oct | 1207 | 1208 | 1210 1205 |
| Jan | 1230 | 1232 | 1238 1230 |
| Apr | 1213 | 1218 | 1216 1215 |
| BFI | 1168 | 1168 | 1172 1168 |

Turnover 202 (193)

| GRAINS – BFE £/tonne | | | |
|---|---|---|---|
| Wheat | Close | Previous | High/Low |
| Nov | 114.20 | 114.50 | 114.65 114.15 |
| Jan | 118.40 | 118.65 | 118.70 118.35 |
| Mar | 121.80 | 122.15 | 122.00 121.90 |
| May | 125.50 | 125.50 | 125.50 |
| Barley | Close | Previous | High/Low |
| Nov | 112.85 | 112.95 | 112.95 |
| Jan | 116.75 | 117.00 | 117.00 116.75 |

Turnover: Wheat 242 (148), Barley 42 (55). Turnover lots of 100 tonnes.

| PIGS – BFE (Cash Settlement) p/kg | Close | Previous | High/Low |
|---|---|---|---|
| Oct | 104.5 | 106.0 | 104.5 |
| Mar | 99.0 | 100.5 | 100.0 100.0 |
| Apr | 99.5 | 100.5 | 100.0 100.0 |

Turnover 17 (10) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open interest |
|---|---|---|---|---|---|---|
| Aluminium, 99.7% purity ($ per tonne) | | | | | | Total daily turnover 14,321 lots |
| Cash | 1890-900 | 2075-80 | 1978/1978 | 1877-8 | | |
| 3 months | 1820-5 | 1945-60 | 1930/1800 | 1874-5 | 1840-5 | 73,415 lots |
| Copper, Grade A (£ per tonne) | | | | | | Total daily turnover 23,757 lots |
| Cash | 1525-30 | 1547-9 | 1550/1525 | 1548-50 | | |
| 3 months | 1482-4 | 1482-3 | 1480/1455 | 1478-9 | 1455-68 | 114,708 lots |
| Lead (£ per tonne) | | | | | | Total daily turnover 3,073 lots |
| Cash | 412-4 | 431-3 | 420.5/412 | 420-1 | | |
| 3 months | 422-4 | 441-3 | 438/420 | 429-30 | 426-8 | 10,923 lots |
| Nickel ($ per tonne) | | | | | | Total daily turnover 1,866 lots |
| Cash | 10150-200 | 10350-450 | 10250/10200 | 10250-300 | | |
| 3 months | 9750-75 | 10050-75 | 9850/9750 | 9750-60 | 9825-50 | 9,013 lots |
| Tin ($ per tonne) | | | | | | Total daily turnover 4,179 lots |
| Cash | 6440-60 | 6120-30 | 6310/6290 | 6300-5 | | |
| 3 months | 6480-500 | 6215-20 | 6500/6250 | 6355-60 | 6480-80 | 7,887 lots |
| Zinc, Special High Grade ($ per tonne) | | | | | | Total daily turnover 5,086 lots |
| Cash | 1390-5 | 1410-15 | 1395/1392 | 1395-7 | | |
| 3 months | 1380-2 | 1390-2 | 1395/1370 | 1383-5 | 1386-90 | 20,011 lots |

LME Closing £/$ rate: SPOT: 1.8718 3 months: 1.8423 6 months: 1.8161 9 months: 1.7945

LONDON BULLION MARKET

| Gold (fine oz) | $ price | £ equivalent |
|---|---|---|
| Close | 404½-405 | 216¼-216¾ |
| Opening | 404¼-405¼ | 216-216½ |
| Morning fix | 406.10 | 216.471 |
| Afternoon fix | 408.40 | 218.104 |
| Day's high | 408½-409 | |
| Day's low | 403¾-404¼ | |

| Coins | $ price | £ equivalent |
|---|---|---|
| Mapleleaf | 414½-419½ | 221½-224½ |
| Britannia | 414½-419½ | 221½-224½ |
| US Eagle | 414½-419½ | 221½-224½ |
| Angel | 414½-419½ | 221½-224½ |
| Krugerrand | 404-407 | 216-218 |
| New Sov. | 96½-98½ | 51½-52½ |
| Old Sov. | 96½-98½ | 51½-52½ |
| Noble Plat | 436.90-443.90 | 233.20-236.95 |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 255.80 | 479.50 |
| 3 months | 265.25 | 489.40 |
| 6 months | 274.35 | 498.90 |
| 12 months | 292.20 | 519.10 |

TRADED OPTIONS

| Coffee | Nov | Jan | Nov | Jan |
|---|---|---|---|---|
| 550 | 45 | 68 | 4 | 30 |
| 600 | 14 | 37 | 23 | 30 |
| 650 | 3 | 18 | 62 | 61 |
| Cocoa | Dec | Mar | Dec | Mar |
| 700 | 65 | 113 | 18 | 30 |
| 750 | 37 | 83 | 60 | 50 |
| 800 | 20 | 59 | 73 | 76 |
| Brent Crude | Nov | Dec | Nov | Dec |
| 3500 | | | | 300 |
| 3550 | | | | |
| 3600 | | 450 | | |

### New York

| GOLD 100 troy oz.; $/troy oz. | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 402.5 | 405.0 | 408.2 | 403.8 |
| Nov | 405.4 | 408.0 | 0 | 0 |
| Dec | 408.1 | 410.8 | 414.3 | 407.6 |
| Feb | 412.8 | 415.4 | 418.3 | 412.5 |
| Apr | 416.8 | 419.7 | 422.7 | 415.5 |
| Jun | 421.3 | 424.3 | 427.5 | 421.0 |
| Aug | 425.5 | 428.6 | 0 | 0 |
| Oct | 430.3 | 433.5 | 433.5 | 0 |
| Dec | 435.1 | 438.4 | 441.0 | 438.8 |

| PLATINUM 50 troy oz; $/troy oz. | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 433.0 | 437.3 | 436.0 | 425.0 |
| Jan | 440.0 | 442.8 | 442.5 | 432.0 |
| Apr | 447.0 | 449.6 | 447.0 | 439.4 |
| Jul | 448.5 | 454.7 | 448.5 | 446.3 |

| SILVER 5,000 troy oz; cents/troy oz. | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 476.1 | 477.1 | 478.0 | 477.0 |
| Nov | 479.3 | 480.6 | 0 | 0 |
| Dec | 483.2 | 484.5 | 486.5 | 463.0 |
| Jan | 485.7 | 487.0 | 0 | 0 |
| Mar | 493.9 | 496.2 | 497.5 | 493.8 |
| May | 500.9 | 502.5 | 504.0 | 503.0 |
| Jul | 508.1 | 510.0 | 509.0 | 509.0 |
| Sep | 515.9 | 517.8 | 0 | 0 |
| Dec | 526.9 | 528.9 | 530.0 | 528.0 |
| Jan | 530.3 | 532.3 | 0 | 0 |

| HIGH GRADE COPPER 25,000 lbs; cents/lbs | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 126.60 | 127.85 | 127.20 | 126.40 |
| Nov | 122.45 | 123.60 | 123.10 | 121.60 |
| Dec | 118.60 | 119.85 | 118.60 | 117.30 |
| Jan | 116.40 | 117.55 | 115.70 | 115.70 |
| Mar | 112.15 | 113.35 | 113.00 | 111.20 |
| Apr | 110.45 | 112.10 | 111.40 | 111.00 |
| May | 109.70 | 110.60 | 110.10 | 109.00 |
| Jun | 108.50 | 109.25 | 109.00 | 108.50 |
| Jul | 107.30 | 107.90 | 107.60 | 106.50 |
| Aug | 106.05 | 106.60 | 0 | 0 |

| CRUDE OIL (Light) 42,000 US galls $/barrel | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Nov | 39.05 | 39.54 | 39.95 | 38.90 |
| Jan | 36.40 | 36.57 | 36.95 | 36.15 |
| May | 31.50 | 31.64 | 32.12 | 31.50 |
| Jul | 29.75 | 29.82 | 30.15 | 29.80 |
| Aug | 29.05 | 29.14 | 29.35 | 29.00 |

| HEATING OIL 42,000 US galls, cents/US galls | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 10485 | 10463 | 10700 | 10480 |
| Feb | 10045 | 9958 | 10200 | 10000 |
| Mar | 9550 | 9448 | 9850 | 9550 |
| Jun | 8550 | 8396 | 8575 | 8500 |

| COCOA 10 tonnes;$/tonnes | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 1281 | 1307 | 1306 | 1276 |
| Mar | 1322 | 1347 | 1343 | 1319 |
| May | 1354 | 1378 | 1372 | 1360 |
| Jul | 1384 | 1410 | 0 | 0 |
| Sep | 1416 | 1441 | 0 | 0 |
| Dec | 1449 | 1474 | 0 | 0 |

| COFFEE "C" 37,500lbs; cents/lbs | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 93.00 | 94.60 | 94.75 | 92.75 |
| Mar | 96.15 | 97.85 | 97.75 | 96.00 |
| May | 98.45 | 99.80 | 100.05 | 98.10 |
| Jul | 100.50 | 102.00 | 101.00 | 100.25 |
| Sep | 102.25 | 103.95 | 102.70 | 102.25 |
| Dec | 105.00 | 106.60 | 105.00 | 105.00 |

| SUGAR WORLD "11" 112,000 lbs; cents/lbs | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 9.78 | 10.52 | 10.40 | 9.70 |
| Mar | 10.11 | 10.54 | 10.49 | 10.10 |
| May | 10.13 | 10.53 | 10.47 | 10.12 |
| Jul | 10.16 | 10.55 | 10.45 | 10.15 |
| Oct | 10.15 | 10.59 | 10.52 | 10.13 |

| COTTON 50,000; cents/lbs | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 73.35 | 73.47 | 73.36 | 72.60 |
| Dec | 72.00 | 72.34 | 72.40 | 71.65 |
| Mar | 72.90 | 73.47 | 73.40 | 72.85 |
| May | 73.55 | 74.00 | 73.80 | 73.20 |
| Jul | 73.65 | 74.05 | 74.05 | 73.30 |
| Oct | 69.40 | 69.40 | 0 | 0 |

| ORANGE JUICE 15,000 lbs; cents/lbs | Close | Previous | High/Low | |
|---|---|---|---|---|
| Nov | 137.00 | 136.70 | 137.25 | 136.25 |
| Jan | 132.10 | 132.35 | 133.40 | 132.10 |
| Mar | 132.75 | 132.40 | 134.00 | 132.75 |
| May | 132.60 | 132.40 | 133.50 | 133.50 |
| Jul | 132.60 | 132.40 | 0 | 0 |

INDICES

| REUTERS (Base: September 18 1931 = 100) | | | |
|---|---|---|---|
| Sep 28 | Sep 27 | mnth ago | yr ago |
| 1783.4 | 1783.6 | 1808.6 | 1889.1 |

| DOW JONES (Base: Dec. 31 1974 = 100) | Sep 27 | Sep 26 | mnth ago | yr ago |
|---|---|---|---|---|
| Spot | 129.38 | 130.11 | 130.86 | 128.92 |
| Futures | 131.66 | 131.52 | 133.06 | 130.46 |

### Chicago

| SOYABEANS 5,000 bu min; cents/60lb bushel | Close | Previous | High/Low | |
|---|---|---|---|---|
| Nov | 617/4 | 619/2 | 621/0 | 614/4 |
| Jan | 632/6 | 633/6 | 635/4 | 629/4 |
| Mar | 646/4 | 646/2 | 649/0 | 642/0 |
| May | 654/2 | 655/4 | 657/4 | 651/6 |
| Jul | 662/4 | 663/2 | 664/4 | 659/0 |
| Aug | 655/0 | 658/0 | 659/4 | 655/0 |
| Sep | 633/0 | 634/0 | 633/0 | 633/0 |
| Nov | 624/0 | 626/0 | 625/4 | 621/0 |

| SOYABEAN OIL 60,000 lbs; cents/lb | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 23.35 | 23.38 | 23.54 | 23.32 |
| Dec | 23.56 | 23.72 | 23.86 | 23.53 |
| Jan | 23.83 | 23.99 | 24.08 | 23.80 |
| Mar | 24.16 | 24.31 | 24.45 | 24.15 |
| May | 24.39 | 24.54 | 24.65 | 24.36 |
| Jul | 24.50 | 24.65 | 24.68 | 24.45 |
| Aug | 24.45 | 24.50 | 24.50 | 24.45 |
| Sep | 24.30 | 24.30 | 24.40 | 24.10 |

| SOYABEAN MEAL 100 tons; $/ton | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 176.9 | 177.2 | 177.6 | 176.0 |
| Dec | 182.6 | 183.3 | 184.0 | 181.5 |
| Jan | 184.8 | 185.4 | 185.8 | 183.4 |
| Mar | 187.8 | 188.4 | 188.8 | 186.5 |
| May | 189.5 | 189.5 | 189.5 | 188.0 |
| Jul | 190.7 | 190.7 | 191.5 | 189.0 |
| Aug | 189.7 | 190.0 | 190.0 | 188.8 |
| Sep | 187.7 | 189.0 | 189.0 | 187.5 |

| MAIZE 5,000 bu min; cents/56lb bushel | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 228/0 | 227/4 | 228/2 | 227/0 |
| Mar | 237/4 | 237/2 | 237/6 | 236/4 |
| May | 243/2 | 243/0 | 243/6 | 242/0 |
| Jul | 246/4 | 246/4 | 247/0 | 245/2 |
| Sep | 244/2 | 244/2 | 244/4 | 242/4 |
| Dec | 246/0 | 246/0 | 246/2 | 244/2 |
| Mar | 251/4 | 252/0 | 251/4 | 251/2 |

| WHEAT 5,000 bu min; cents/60lb-bushel | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 277/6 | 277/4 | 278/4 | 274/4 |
| Mar | 291/2 | 292/0 | 292/4 | 288/6 |
| May | 299/0 | 298/6 | 299/4 | 296/0 |
| Jul | 302/6 | 304/0 | 304/4 | 300/0 |
| Sep | 307/2 | 308/4 | 0 | 0 |
| Dec | 315/6 | 317/0 | 0 | 0 |

| LIVE CATTLE 40,000 lbs; cents/lbs | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 79.05 | 79.00 | 79.12 | 78.60 |
| Dec | 76.45 | 76.25 | 76.60 | 75.86 |
| Feb | 74.70 | 74.60 | 74.80 | 74.37 |
| Apr | 75.06 | 75.35 | 75.35 | 75.00 |
| Jun | 72.86 | 73.10 | 73.05 | 72.70 |
| Aug | 71.22 | 71.75 | 71.65 | 71.22 |
| Oct | 71.32 | 71.60 | 71.62 | 71.32 |

| LIVE HOGS 30,000 lb; cents/lbs | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 54.82 | 53.85 | 54.95 | 53.80 |
| Dec | 52.70 | 51.80 | 52.80 | 51.82 |
| Feb | 49.85 | 49.27 | 49.90 | 49.15 |
| Apr | 46.62 | 46.42 | 46.65 | 46.25 |
| Jun | 49.85 | 49.80 | 50.00 | 49.70 |
| Jul | 49.95 | 50.00 | 50.00 | 49.80 |
| Aug | 48.70 | 48.70 | 48.70 | 48.30 |
| Oct | 44.47 | 44.20 | 44.50 | 44.35 |

| PORK BELLIES 40,000 lbs; cents/lb | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 58.20 | 57.37 | 58.30 | 57.10 |
| Mar | 58.07 | 57.42 | 58.25 | 57.15 |
| May | 58.67 | 57.70 | 58.70 | 57.70 |
| Jul | 58.52 | 57.70 | 58.60 | 57.60 |
| Aug | 58.50 | 56.50 | 0 | 58.10 |

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar ends on quiet note

THE CURRENCY markets were quiet yesterday with activity mainly confined to technical trades relating to the end of the third quarter. The US dollar and sterling were stuck in narrow ranges, while the Swiss Franc strengthened slightly after the Swiss National Bank ruled out an early easing in monetary policy.

The size of transactions on the London interbank market shrank, while in Tokyo the end of the current Japanese financial half year was the focus of attention. The only large trade was executed in New York when an institution sold more than £100m for dollars.

With no strong buyers or sellers, the dollar traded between DM1.5620 and DM1.5685 - a tight range by recent standards. It moved towards the bottom of the range after US August leading indicators were released. The 1.2 per cent fall compared with a 1.4 rise in July and market expectations of a 0.9 decline. Analysts said the report, following other recent data, was confirmation of slower economic growth. Later, the dollar moved off its lows after the Chicago purchasing managers' September report suggested the economy might still be expanding.

Analysts said they expected the dollar to remain little changed during the first half of next week. The policy-setting Federal Open Market Committee meets on Tuesday, while on Friday the September employment report is released.

The dollar closed lower at DM1.5660 against DM1.5700; at Y138.25 from Y138.30; and at FFr5.2425 from FFr5.2550. The Bank of England's dollar index finished at 62.9, down 0.1 point.

Sterling fell back from its opening highs after the large institutional sale out of New York. High UK interest rates underpinned the pound but there was a reluctance, particularly from overseas investors, to take positions. The disappointment that sterling had not joined the exchange rate mechanism of the European Monetary System in early September was still a discouragement, analysts said.

Sterling rose to $1.8735 from $1.8720; to Y259.00 from Y258.75; but eased to DM2.9350 from DM2.9400; and to FFr9.8225 from FFr9.8375. The sterling index was unchanged at 93.3.

The Swiss franc was firmer after the Swiss National Bank said it saw no scope for lower interest rates. Sterling closed lower against the franc at SFr2.4325 from SFr2.4475; while the dollar eased to SFr1.2985 from SFr1.3070.

The Spanish peseta remained easier after the Bank of Spain's intervention earlier in the week. However, the peseta was supported as the Bank maintained a tight stance towards the money markets. The D-Mark closed 10 points higher at Pta62.60.

### £ IN NEW YORK

| Sept.28 | Close | Previous Close |
|---|---|---|
| £ Spot | 1.8730-1.8740 | 1.8765-1.8775 |
| 1 month | 1.04-1.02pm | 1.04-1.02pm |
| 3 months | 2.98-2.95pm | 2.98-2.95pm |
| 12 months | 9.80-9.70pm | 9.80-9.70pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

[illegible]

### CURRENCY MOVEMENTS

[illegible]

### CURRENCY RATES

[illegible]

### OTHER CURRENCIES

[illegible]

### FORWARD RATES AGAINST STERLING

| | Spot | 1 mth | 3 mths | 6 mths | 12 mths |
|---|---|---|---|---|---|
| US Dollar | 1.8735 | 1.8631 | 1.8440 | 1.8172 | 1.7752 |
| D-mark | 2.9350 | 2.9191 | 2.8908 | 2.8550 | 2.7988 |
| French Fr. | 9.8225 | 9.7829 | 9.7162 | 9.6295 | 9.5109 |
| Swiss Fr. | 2.4325 | 2.4185 | 2.3937 | 2.3606 | 2.3076 |
| Yen | 259.00 | 257.55 | 255.00 | 251.70 | 246.40 |

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

| Sep 28 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.8660 - 1.8760 | 1.8730 - 1.8740 | 1.05-1.03cpm | 6.66 | 2.97-2.94pm | 6.31 |
| Ireland† | 1.7115 - 1.7170 | 1.7120 - 1.7130 | 0.35-0.30cpm | 2.28 | 1.10-1.00pm | 2.45 |
| Canada | 1.1525 - 1.1575 | 1.1560 - 1.1570 | 0.38-0.41cdis | -4.10 | 1.14-1.19dis | -4.03 |
| Netherlands | 1.7620 - 1.7675 | 1.7645 - 1.7655 | par-0.03cdis | -0.10 | 0.11-0.15dis | -0.29 |
| Belgium | 32.00 - 32.30 | 32.20 - 32.30 | 0.05-3.00cdis | -0.57 | 2.00-7.00dis | -0.56 |
| Denmark | 5.97¼ - 5.98¼ | 5.97¼ - 5.97¾ | 0.85-1.15oredis | -2.01 | 3.00-3.60dis | -2.21 |
| W. Germany | 1.5625 - 1.5685 | 1.5655 - 1.5665 | 0.01-0.03pfdis | -0.15 | 0.10-0.13dis | -0.29 |
| Portugal | 139.00 - 139.15 | 139.00 - 139.10 | 75-85cdis | -6.90 | 240-265dis | -7.26 |
| Spain | 97.55 - 98.05 | 97.95 - 98.05 | 50-55cdis | -6.43 | 150-159dis | -6.31 |
| Italy | 1168½ - 1172½ | 1172 - 1172½ | 0.60-1.10liredis | -0.87 | 5.00-6.00dis | -1.88 |
| Norway | 6.05½ - 6.07 | 6.06¼ - 6.06¾ | 1.20-1.55oredis | -2.72 | 3.95-4.50dis | -2.79 |
| France | 5.23 - 5.25 | 5.24 - 5.24½ | 0.75-0.80cdis | -1.77 | 2.59-2.69dis | -2.01 |
| Sweden | 5.75½ - 5.77¼ | 5.76 - 5.76½ | 2.00-2.25oredis | -4.43 | 6.60-7.05dis | -4.74 |
| Japan | 137.80 - 138.35 | 138.20 - 138.30 | 0.02ydis-par | -0.09 | 0.03-0.06dis | -0.13 |
| Austria | 10.99 - 11.01½ | 11.01 - 11.01½ | 0.15-0.50grodis | -0.35 | 1.20-2.20dis | -0.62 |
| Switzerland | 1.2925 - 1.3015 | 1.2980 - 1.2990 | 0.05-0.01cpm | 0.28 | 0.05dis-par | -0.08 |
| ECU | 1.3135 - 1.3190 | 1.3140 - 1.3150 | 0.60-0.57cpm | 5.34 | 1.61-1.56pm | 4.82 |

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

### POUND SPOT - FORWARD AGAINST THE POUND

| Sep 28 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.8660 - 1.8760 | 1.8730 - 1.8740 | 1.05-1.03cpm | 6.66 | 2.97-2.94pm | 6.31 |
| Canada | 2.1570 - 2.1690 | 2.1620 - 2.1630 | 0.51-0.42cpm | 2.58 | 1.34-1.20pm | 2.35 |
| Netherlands | 3.30 - 3.31¼ | 3.30¼ - 3.31¼ | 1⅞-1⅛cpm | 6.58 | 5¼-5pm | 6.20 |
| Belgium | 60.15 - 60.50 | 60.35 - 60.45 | 32-29cpm | 6.06 | 91-84pm | 5.79 |
| Denmark | 11.16 - 11.21¼ | 11.19 - 11.20 | 4⅝-4⅛orepm | 4.76 | 11⅝-10⅞pm | 4.00 |
| Ireland | 1.0885 - 1.1005 | 1.0910 - 1.0920 | 0.45-0.40ppm | 4.67 | 1.10-1.00pm | 3.85 |
| W. Germany | 2.92½ - 2.93¾ | 2.93¼ - 2.93¾ | 1⅝-1½pfpm | 6.39 | 4⅝-4⅜pm | 6.13 |
| Portugal | 259.60 - 261.10 | 259.65 - 260.65 | 31-1cpm | 0.74 | 11-69pm | 0.62 |
| Spain | 182.70 - 183.90 | 182.80 - 183.10 | 12-2cpm | 0.46 | 32-parpm | 0.33 |
| Italy | 2190¾ - 2197 | 2195¾ - 2196¾ | 11-9cpm | 5.46 | 26-24pm | 4.64 |
| Norway | 11.31¼ - 11.38 | 11.35¾ - 11.36¾ | 3⅞-3⅜orepm | 3.76 | 10⅛-9⅞pm | 3.54 |
| France | 9.79¼ - 9.82¾ | 9.81¾ - 9.82¾ | 4⅛-4cpm | 5.04 | 11⅛-10⅞pm | 4.45 |
| Sweden | 10.75¾ - 10.81½ | 10.79 - 10.80 | 2⅛-2orepm | 2.36 | 5-4⅜pm | 1.74 |
| Japan | 258 - 259½ | 258½ - 259½ | 1⅝-1½ypm | 6.66 | 4⅛-3⅞pm | 6.16 |
| Austria | 20.58 - 20.75 | 20.59 - 20.62 | 11⅞-10⅛gropm | 6.37 | 31¾-29½pm | 5.85 |
| Switzerland | 2.42⅛ - 2.43¾ | 2.42¾ - 2.43¾ | 1½-1⅜cpm | 7.09 | 4-3⅞pm | 6.47 |
| ECU | 1.4195 - 1.4255 | 1.4220 - 1.4230 | 0.61-0.58cpm | 5.02 | 1.58-1.53pm | 4.37 |

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.66-5.61cpm. 12 Month 9.88-9.78cpm

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu Sep 28 | % change from central rate | % spread v weakest narrow band currency | Divergence indicator |
|---|---|---|---|---|---|
| Spanish Peseta | 132.889 | 128.914 | -2.99 | 3.93 | 52 |
| French Franc | 6.85684 | 6.89296 | 0.53 | 0.29 | -10 |
| Irish Punt | 0.763159 | 0.767206 | 0.53 | 0.29 | -9 |
| Belgian Franc | 42.1679 | 42.4069 | 0.57 | 0.25 | -11 |
| German D-Mark | 2.04446 | 2.05921 | 0.72 | 0.10 | -24 |
| Italian Lira | 1529.70 | 1540.92 | 0.73 | 0.09 | -19 |
| Dutch Guilder | 2.30358 | 2.32177 | 0.79 | 0.03 | -22 |
| Danish Krone | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### EURO-CURRENCY INTEREST RATES

[illegible]

### EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE SHORT STERLING OPTIONS; LONDON (LIFFE); CHICAGO; PHILADELPHIA SE £/$ OPTIONS; CAC-40 FUTURES (MATIF) Stock Index

[illegible]

| | Open | Close | Change | High | Low | Open int. |
|---|---|---|---|---|---|---|
| September | 1500.0 | 1481.0 | +0.5 | 1502.0 | 1471.0 | 5,339 |
| October | 1500.0 | 1482.0 | -36.0 | 1503.0 | 1471.0 | 5,149 |
| November | 1510.0 | 1495.0 | -25.0 | 1510.0 | 1495.0 | 180 |
| December | - | - | - | - | - | 51 |

Estimated volume 17,236 Total Open Interest 14,719

POUND-$ FOREIGN EXCHANGE

| Spot | 1-mth. | 3-mth. | 6-mth. | 12-mth. |
|---|---|---|---|---|
| 1.8735 | 1.8631 | 1.8440 | 1.8172 | 1.7752 |

IMM-STERLING $s per £

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Dec | 1.8436 | 1.8504 | 1.8412 | 1.8544 |
| Mar | 1.8160 | 1.8220 | 1.8150 | 1.8270 |
| Jun | - | - | - | 1.8040 |

## BANK RETURN

| BANKING DEPARTMENT | Wednesday September 26, 1990 | | Increase or decrease for week |
|---|---|---|---|
| LIABILITIES | £ | | £ |
| Capital | 14,553,000 | | |
| Public Deposits | 36,751,348 | - | 3,284,444 |
| Bankers Deposits | 1,769,645,556 | + | 61,428,875 |
| Reserve and other Accounts | 2,291,402,351 | + | 124,863,432 |
| | 4,112,352,255 | + | 183,007,863 |
| ASSETS | | | |
| Government Securities | 1,429,046,118 | + | 247,605,000 |
| Advance and other Accounts | 832,848,848 | - | 218,753 |
| Premises Equipment & other Secs | 1,846,604,885 | - | 60,309,862 |
| Notes | 3,663,922 | - | 4,017,906 |
| Coin | 190,667 | - | 50,616 |
| | 4,112,362,255 | + | 183,007,863 |
| ISSUE DEPARTMENT | | | |
| LIABILITIES | | | |
| Notes in circulation | 15,696,336,078 | - | 25,982,094 |
| Notes in Banking Department | 3,663,922 | - | 4,017,906 |
| | 15,700,000,000 | - | 30,000,000 |
| ASSETS | | | |
| Government Debt | 11,015,100 | | |
| Other Government Securities | 12,414,393,200 | - | 486,080,996 |
| Other Securities | 3,274,591,700 | + | 456,080,996 |
| | 15,700,000,000 | - | 30,000,000 |

## MONEY MARKETS

# Steady UK rates

UK MONEY market rates ended the week firmly in light trading. The key three-month inter-bank rate was unchanged yesterday at 14⅞-14¾ per cent, up 1/16 on the week.

The strength of sterling against the US dollar lifted interest rate futures. But in the cash market dealing was confined to technical business related to the end of the third quarter.

One month money was steady at 14⅞-14¾ per cent. Slightly longer-dated yields also showed little movement, with six months money unchanged at 14⅞-14¾ per cent and one year down 1/16 at 14½-7/16. In the futures market, December short sterling was up 5 points at 85.57, indicating that dealers expect interest rates of 14½ per cent by the end of the year.

The Bank of England forecast a credit shortage of £1.25bn, and it met this in full. Among factors contributing to the shortage were bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills, which drained £1.271bn. A rise in the note circulation absorbed a further £500m and bankers' balances below target £25m. This was partly offset by Exchequer transactions, which added £895m.

During the morning, the Bank purchased £405m of bills for resale to the market on October 8 at 14⅞ per cent. Before lunch it bought a further £377m, by way of £1m band 1 Treasury bills at 14⅞ per cent; £7m band 1 bank bills at 14¾; £10m Treasury bills at 14¾; and £359m band 2 bank bills at 14¾. In the afternoon, £99m of band 1 bank bills at 14¾ per cent and £268m of band 2 bank bills were purchased. Finally, £105m of late assistance was provided.

In Frankfurt call money rates were unchanged at 8.05-8.10 per cent. The money market remained tight as month end public sector payments drained liquidity. With call money rates above 8 per cent, banks continued to borrow Lombard funds from the Bundesbank at that level. On Thursday Lombard borrowing rose to DM8.5bn from DM6.2bn on Wednesday.

In New York the Federal Reserve refrained from adding reserves to the banking system, which was as expected by the market. Banks built up their reserves before the end of the third quarter, which prevented any month end tightness. Federal Funds were down ⅛ at 8 per cent.

**UK clearing bank base lending rate 15 per cent from October 5, 1989**

## FT LONDON INTERBANK FIXING

| (11.00 a.m. Sep.28) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 8⅛ | offer 8¼ | bid 8⅛ | offer 8¼ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

## MONEY RATES

**NEW YORK** (Lunchtime)

| | | Treasury Bills and Bonds | | | |
|---|---|---|---|---|---|
| Prime rate | 10 | One month | 7.50 | Three year | 8.17 |
| Broker loan rate | 9¾ | Two month | 7.54 | Four year | 8.40 |
| Fed.funds | 8 | Three month | 7.37 | Five year | 8.49 |
| Fed.funds at intervention | - | Six month | 7.53 | Seven year | 8.72 |
| | | One year | 7.68 | 10-year | 8.86 |
| | | Two year | 8.04 | 30-year | 8.99 |

| Sept.28 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 8.00-8.10 | 8.15-8.30 | 8.20-8.35 | 8.45-8.60 | 8.60-8.75 | 8.00 |
| Paris | 9¾-9⅞ | 9⅞-10⅛ | 10⅛-10⅜ | 10¼-10⅜ | 10½-10⅝ | 9.50 |
| Zurich | 5⅞-6⅛ | 7⅞-8¼ | - | 8-8¼ | - | - |
| Amsterdam | 8.15-8.30 | 8.20-8.35 | - | 8.45-8.50 | - | - |
| Tokyo | 7⅞-7⅞ | 8⅛-8¼ | - | - | - | - |
| Milan | 9¾-10½ | 9⅝-9⅞ | - | 10⅞-11 | - | - |
| Brussels | 8.90 | 8⅞-8⅞ | - | 8⅞-9 | - | - |
| Dublin | 10⅝-10¾ | 10⅞-10⅞ | 10⅞-11 | 10⅞-11⅛ | 11¼-11⅜ | - |

## LONDON MONEY RATES

| Sep 28 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 15 | 14⅞ | 15 | 15 | 14⅞ | 14⅝ |
| Interbank Bid | 14½ | 14⅞ | 14⅞ | 14⅞ | 14⅞ | 14½ |
| Sterling CDs | - | - | 14⅞ | 14⅞ | 14⅞ | 14⅝ |
| Local Authority Deps. | 14⅞ | 14⅞ | 14⅞ | 14⅞ | 14⅞ | 14½ |
| Local Authority Bonds | - | - | - | - | - | - |
| Discount Mkt Deps. | 15½ | 14⅞ | 14⅞ | 14½ | - | - |
| Company Deposits | - | - | 14⅞ | 15 | 14⅞ | 14⅞ |
| Finance House Deposits | - | - | 15 | 15⅛ | 14⅞ | 14⅞ |
| Treasury Bills (Buy) | - | - | 14⅞ | 14⅞ | - | - |
| Bank Bills (Buy) | - | - | 14⅞ | 14⅞ | 13⅞ | - |
| Fine Trade Bills (Buy) | - | - | 15⅛ | 14⅞ | 14⅞ | - |
| Dollar CDs | - | - | 8.20 | 8.30 | 8.25 | 8.35 |
| SDR Linked Dep. Offer | - | - | 9⅛ | 9⅛ | 9⅛ | 9⅞ |
| SDR Linked Dep. Bid | - | - | 8⅞ | 9⅛ | 9⅛ | 9⅞ |
| ECU Linked Dep. Offer | - | - | 10 | 10⅛ | 10⅛ | 10⅞ |
| ECU Linked Dep. Bid | - | - | 9⅞ | 10⅛ | 10⅛ | 10⅞ |

Treasury Bills (sell); one-month 14⅞ per cent; three months 14⅞ per cent; six months 13⅞ per cent; Bank Bills (sell): one-month 14⅞ per cent; three months 14⅞ per cent; Treasury Bills; Average tender rate of discount 14.2333 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day September 28, 1990. Agreed rates for period Oct 24, 1990 to Nov 25, 1990, Scheme I: 15.78 p.c., Schemes II & III: 16.21 p.c. Reference rate for period Sept 1, 1990 to Sept 28, 1990, Scheme IV&V: 14.955 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15 from October 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9, 1989, Deposits withdrawn for cash 5 per cent.

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 15 | Coutts & Co | 15 | NatWestminster | 15 |
| Adam & Company | 15 | Cyprus Popular Bk | 15 | Northern Bank Ltd | 15 |
| Allied Trust Bank | 15 | Dunbar Bank PLC | 15 | Nykredit Mortgage Bank | 15½ |
| Allied Irish Bank | 15 | Duncan Lawrie | 15 | Provincial Bank PLC | 16 |
| ● Henry Ansbacher | 15 | Equatorial Bank plc | 15 | Roxburghe Bank Ltd | 15½ |
| Associates Cap Corp | 15½ | Exeter Trust Ltd | 15½ | Royal Bk of Scotland | 15 |
| ● B & C Merchant Bank | 15 | Financial & Gen. Bank | 15 | Royal Trust Bank | 15 |
| Bank of Baroda | 15 | First National Bank Plc. | 16½ | ● Smith & Williamson Secs. | 15 |
| Banco Bilbao Vizcaya | 15 | ● Robert Fleming & Co. | 15 | Standard Chartered | 15 |
| Bank Credit & Comm | 15 | Robert Fraser & Ptnrs. | 15½ | TSB | 15 |
| Bank of Cyprus | 15 | Girobank | 15 | Unibank plc | 15 |
| Bank of Ireland | 15 | ● Guinness Mahon | 15 | ● United Bk of Kuwait | 15 |
| Bank of India | 15 | HFC Bank plc | 15 | United Mizrahi Bank | 15 |
| Bank of Scotland | 15 | ● Hambros Bank | 15 | Unity Trust Bank Plc | 15 |
| Banque Belge Ltd | 15 | Hampshire Trust Plc | 15½ | Western Trust | 15 |
| Barclays Bank | 15 | Heritable & Gen Inv Bnk. | 15 | Westpac Bank Corp. | 15 |
| Benchmark Bank | 15 | ● Hill Samuel | §15 | Whiteaway Laidlaw | 15 |
| Brit. Bk of Mid East | 15 | C. Hoare & Co. | 15 | Yorkshire Bank | 15 |
| ● Brown Shipley | 15 | Hongkong & Shangh | 15 | | |
| CL Bank Nederland | 15 | ● Leopold Joseph & Sons | 15 | | |
| ● Charterhouse Bank | 15 | Lloyds Bank | 15 | | |
| Citibank NA | 15 | Meghraj Bank Ltd | 15 | | |
| City Merchants Bank | 15 | McDonnell Douglas Bnk. | 15 | | |
| Clydesdale Bank | 15 | Midland Bank | 15 | | |
| Comm.Bk.of London Plc | 15 | Mount Banking | 15 | | |
| Co-operative Bank | *15 | Nat Bk. of Kuwait | 15 | | |

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## MONEY MARKET FUNDS

### Money Market Trust Funds

### Money Market Bank Accounts

[illegible]

NOTES - Gross rate to those amount from composite rate of tax. Net actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers - compounded annual rate. Int Cr: frequency interest credited.





## MONTHLY AVERAGES OF STOCK INDICES

| | September | August | July | June |
|---|---|---|---|---|
| Financial Times | | | | |
| Government Securities | 78.38 | 78.03 | 79.22 | 79.47 |
| Fixed Interest | 86.72 | 87.36 | 87.88 | 88.03 |
| Ordinary | 1599.1 | 1710.2 | 1873.4 | 1905.0 |
| Gold Mines | 192.0 | 212.1 | 181.6 | 181.3 |
| SEAQ Bargains(4.45pm) | 18,199 | 21,614 | 24,877 | 27,123 |
| F.T.-Actuaries | | | | |
| Industrial Group | 998.80 | 1070.60 | 1177.45 | 1190.69 |
| 500 Share | 1116.52 | 1184.05 | 1275.24 | 1285.06 |
| Financial Group | 689.19 | 734.19 | 804.49 | 811.02 |
| All-Share | 1008.65 | 1075.21 | 1162.07 | 1170.73 |
| FT-SE 100 | 2061.0 | 2165.0 | 2361.9 | 2377.0 |

| | Sept. High | Sept. Low |
|---|---|---|
| Ordinary | 1687.4 (3rd) | 1510.4 (24th) |
| All-Share | 1052.48 (3rd) | 962.09 (24th) |
| FT-SE 100 | 2168.6 (3rd) | 1990.2 (28th) |

# LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

## British Funds, etc
No. of bargains included 2153

Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) – £100.9 1 ⅝

## Corporation and County Stocks
No. of bargains included 3

Greater London Council 6¾% Stk 90/92 – £91
Birmingham Corp 3½% Stk 1946(or after) – £27♦
Birmingham District Council 11½% Red Stk 2012 – £93 (24Se90)
Leeds(City of) 13¾% Red Stk 2006 – £102 (26Se90)
Manchester(City of) 11.5% Red Stk 2007 – £92 (25Se90)
Manchester Corp 4% Cons Irrd Stk – £29 (24Se90)
Swansea(City of) 11¾% Red Stk 2006 – £104 (26Se90)

## UK Public Boards
No. of bargains included 2

Agricultural Mortgage Corp PLC 4½% Deb Stk 01/91 – £90 (25Se90)
8¼% Deb Stk 92/94 – £90 (25Se90)
7¾% Deb Stk 91/93 – £88¼
10¾% Deb Stk 92/95 – £90
Metropolitan Water Southwark & Vauxhall Water Co 3% Deb Stk – £49♦
Port of London Authority 3% Port of London A Stk 29/99 – £50¼♦
Scottish Agric Sec Corp 10¾% Deb Stk 89/91 – £95¼ (24Se90)

## Foreign Stocks, Bonds, etc–(coupons payable in London)
No. of bargains included 40

Iceland(Republic of) 14½% Ln Stk 2016 – £108¾ (25Se90)
International Bank for Rec & Dev 9¾% Ln Stk 2010(Reg) – £90¾ 1½
11.5% Ln Stk 2003 – £93¾ ⅝ .85 ¾
New Zealand 7¾% Stk 88/92 – £89 (25Se90)
11¾% Stk 2008(Reg) – £91¾ (24Se90)
11½% Stk 2014(Reg) – £92⅝ 3 ⅛
Nova Scotia(Province of) 11¾% Ln Stk 2019 – £92¾ (25Se90)
16¾% Ln Stk 2011 – £125¾
Petroleos Mexicanos 14½% Ln Stk 2006 – £94 (25Se90)
Portugal(Rep of) 9% Ln Stk 2016(Reg) – £72¾ (25Se90)
Spain(Kingdom of) 11¾% Ln Stk 2010(Reg) – £95¾ (25Se90)
11¾% Ln Stk 2010(Br) – £95¾ (21Se90)
Sweden(Kingdom of) 9¾% Ln Stk 2014(Reg) – £90⅝ ¾ ¾ ¾ ¾
11% Ln Stk 2012(Br) – £90¾ (21Se90)
13.5% Ln Stk 2010(Reg) – £106¾ ¾ ¾ (25Se90)
United Mexican States 16½% Ln Stk 2008(Reg) – £103 7 (26Se90)

## Banks and Discount Companies
No. of bargains included 1839

ABN-AMRO Hldgs N.V.Ord FL5 – FL31.05 .1 .12 .15 .15 .2 ¼ ¼
Bank of Ireland(Governor & Co of) 7% Ln Stk 86/91 – £92½
Bank of Wales PLC 13½% Subord Uns Ln Stk 95/97 – £98½ (21Se90)
Barclays PLC ADR (4:1) – $22¾ .8 (26Se90)
Barclays Bank PLC 7¾% Uns Cap Ln Stk 86/91 – £94
8¼% Uns Cap Ln Stk 86/93 – £96
12% Uns Cap Ln Stk 2010 – £94
16% Uns Cap Ln Stk 2002/07 – £115¾
Kyowa Bank Ld Shs of Com Stk Y50 – Y985¾

## Breweries and Distilleries

## Commercial, Industrial, etc

## Sterling Issues by Overseas Borrowers

## Financial Trusts, Land, etc

## Insurance

## Investment Trusts

## Unit Trusts

## Mines – Miscellaneous

## Mines – South African

## Oil

## Property

## Utilities

## Water

## Miscellaneous Warrants

## Plantations

## Railways

## Shipping

## USM Appendix

## The Third Market Appendix

## Rule 535(2)

Flightspares PLC Ord 10p – 28¾ (25Se90)
Le Riche's Stores Ld Ord £1 – £3.9 (25Se90)
Liverpool FC & Athletic Grounds PLC Ord £5 – £625 (24Se90)
MIM Britannia International Ld Japan Income & Growth – £1.46
Manchester United Football Club Ld Ord £1 – £21 (25Se90)
Quay Properties Ld £1 – £1.05 (25Se90)
Robert Charles PLC Ord 1p – £0.01
Southern Newspapers PLC Ord £1 – £2 (21Se90)
Sun Oil Britain Ld Oil Royalty Stk Units 1p – £0.08 0.08
Transatlantic Hldgs PLC Ord 50p – £3.2

**RULE 535 (4) (a)**

**Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.**

Aust. Foundation Inv A$1.595 (25/9)
Bounty Invs 75
City Developments S$2.60667 (24/9)
Community Psychiatric Centers $23.25♦
Dainippon Screen Manufacturing Y127.372
Equity Silver Mines 50 (25/9)
Harland (John H) Co $20♦ (21/9)
Highveld Steel & Vanadium R13 (26/9)
Hunter Resources A$0.097
Kerr Addison Mines C$17.125 (25/9)
Kulim Malaysia Ord 30♦
LVMH Moet-Hennessy Louis Vuitton Fr 3090,5,100,6,26,31.57(25/9)
Malaysian Airline System M$5.5721♦5.68921♦6.60673♦
Malaysian Plantations p8425♦ (26/9)
National Electronics 3♦
North Flinders Mines A$2.976 (21/9)
Vam A$0.16096 (26/9)

*By Permission of the Stock Exchange Council*

# LONDON STOCK EXCHANGE

# Wall Street influence still dominant

GLOBAL market factors played a bearish role in the UK stock market yesterday, outweighing the influence of another round of bargain hunting by the big investment institutions. Although on the downside through the session, the London market traded comfortably enough until Wall Street came in sharply lower, and even then managed a good recovery after New York's bearish pressures eased off.

UK Government bonds gave ground yesterday, falling by just over half a point after Mr Major's warning overnight that Britain's inflation rate could rise further before beginning to fall. Index-linked Government

| Account Dealing Dates | | |
|---|---|---|
| *First Dealings: | | |
| Sep 10 | Sep 24 | Oct 8 |
| Option Declarations: | | |
| Sep 20 | Oct 4 | Oct 18 |
| Last Dealings: | | |
| Sep 21 | Oct 5 | Oct 19 |
| Account Day: | | |
| Oct 1 | Oct 15 | Oct 29 |

*New-time dealings may take place from 8.00 am two business days earlier.

bonds, the bond market's favoured anti-inflation hedge, moved up by about the same amount as conventional gilts fell although traders commented that there was not much activity in this sector of the fixed interest market.

Nervousness ahead of the expiry of the FT-SE options and futures just after 11.00am proved to be unjustified. In the event, the Footsie Index, already 14 points off, merely extended its loss in largely routine trading as the futures expiry unwound.

The December contract on the Index, now the principal hedging instrument on the underlying equity market, traded sluggishly at a premium well below fair value, an estimate which takes account of future dividend flow and financing costs.

The stock market opened sharply down, quickly abandoning the Footsie 2,000 mark in the face of weakness in Tokyo and New York overnight, but there was little selling. Equities remained depressed until the hint of a lower opening on Wall Street accelerated losses in London. At worst, the Footsie was 35 points off at around 1,974. It closed 16.9 down at 1,990.2, on Seaq volume of 403.8m shares, compared with 428.2m in the previous session.

The Footsie Index has fallen by 35 points, or 1.7 per cent, this week as the London equity market flinched in the face of further indications that the British economy is slowing down, despite some encouraging comments from Washington by Mr John Major, the chancellor of the exchequer, attending the IMF/World Bank meetings.

Traders at several leading securities houses stressed that there were institutional buyers around yesterday, although once again they were not prepared to chase prices. One leading UK trading house commented that its day's dealing ledger was well balanced towards the buy side.

Traces of institutional interest were disclosed yesterday by a ready reception for a handful of large share deals. A substantial trade in United Biscuit shares transacted at a fairly modest discount to the market price, as were deals in Cadbury-Schweppes and Storehouse.

## FINANCIAL TIMES STOCK INDICES

| | Sept 28 | Sept 27 | Sept 26 | Sept 25 | Sept 24 | Year Ago | 1990 High | 1990 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 78.09 | 77.98 | 78.13 | 78.36 | 78.45 | 84.57 | 84.20 (2/1) | 74.13 (30/4) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 38.88 | 86.87 | 86.95 | 86.87 | 86.83 | 95.68 | 92.91 (8/1) | 83.80 (30/4) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share | 1535.7 | 1548.1 | 1532.6 | 1526.6 | 1510.4 | 1885.7 | 1968.3 (3/1) | 1510.4 (24/9) | 2008.6 (5/9/89) | 49.4 (26/6/40) |
| Gold Mines | 200.7 | 198.1 | 197.5 | 195.9 | 184.6 | 212.0 | 378.5 (6/2) | 167.9 (15/6) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 1990.2 | 2008.1 | 2000.0 | 1999.2 | 1990.3 | 2299.4 | 2463.7 (3/1) | 1990.2 (28/9) | 2463.7 (3/1/90) | 986.9 (23/7/84) |

| | Sept 28 | Sept 27 | Sept 26 | Sept 25 | Sept 24 | Year Ago |
|---|---|---|---|---|---|---|
| Ord. Div. Yield | 6.21 | 6.16 | 6.20 | 6.22 | 6.29 | 4.31 |
| Earning Yld %(full) | 13.02 | 12.89 | 13.00 | 13.04 | 13.19 | 10.34 |
| P/E Ratio(Net)(☆) | 9.31 | 9.40 | 9.32 | 9.29 | 9.19 | 11.65 |
| SEAQ Bargns 4.45pm | 17,584 | 18,129 | 16,854 | 19,022 | 20,024 | 27,740 |
| Equity Turnover(£m)† | - | 785.52 | 673.15 | 645.70 | 806.16 | 898.67 |
| Equity Bargains† | - | 17,298 | 16,208 | 18,449 | 21,392 | 27,672 |
| Shares Traded (ml)† | - | 378.7 | 335.9 | 325.8 | 516.8 | 408.4 |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 9.16

Ordinary Share Index, Hourly changes Day's High 1542.1 Day's Low 1523.7

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 1542.1 | 1530.1 | 1533.0 | 1540.3 | 1534.3 | 1534.7 | 1534.9 | 1524.8 | 1531.4 |

FT-SE, Hourly changes Day's High 1999.9 Day's Low 1974.1

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 1999.8 | 1981.9 | 1984.7 | 1994.9 | 1986.2 | 1986.7 | 1988.1 | 1975.0 | 1984.8 |

### GILT EDGED ACTIVITY

| Indices* | Sept 27 | Sept 26 |
|---|---|---|
| Gilt Edged Bargains | 96.0 | 86.5 |
| 5-Day average | 87.4 | 83.1 |

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001.

# Severn buys more Caird

ALLEGATIONS of irregularities over past acquisitions and Fraud Office investigations lowered Caird shares, allowing Severn Trent Water to buy stock of its bid target. Severn took its stake to the maximum allowed under Takeover Panel rules of 29.9 per cent.

After the close of business yesterday, Caird confirmed the investigations by the DTI, the Fraud Office and the Inland Revenue. Its shares dropped 10 initially but Severn's buying forced a recovery which was aided by revived arbitrage demand. Waste Management Inc. and Browning-Ferris, both of the US, have been mentioned as possible counter bidders.

Dr Edmund Bradley of Citicorp thought the possibility of a white knight outbidding Severn was unlikely. "Severn must be reluctant buyers of a company with Caird's recent track record and potential future liabilities."

## Foods active

The foods sector was the scene of some large trades. United Biscuits ran back 12p to 309p after a line of shares was offered at 298p. The Seaq ticker recorded trades of almost 10m and 8m, said by traders to have been bought and sold by one securities house, for a total volume of 19m shares. The same house was believed to have been behind a placing of more than 4m Cadbury-Schweppes said to have been conducted at 306p. The shares ended at 307p, down 7.

## Security worries

The security services area of the market, badly mauled by the profits warning issued by Securiguard on Thursday, took another beating yesterday as analysts prepared to cut their profits estimates for other associated companies, such as Securicor and Security Services.

Securiguard, whose shares slumped from 160p to 75p on Thursday, fell 4 more to 71p yesterday, still reeling from the statement that its overnight and despatch division would not make profits in the second half.

Both classes of Securicor shares were again hit by the bearish stories being talked around on Cellnet, the group's minority owned cellular radio business, said by analysts to be about to launch big incentives to boost its share of the cellular market, as well as its other businesses.

US investors were said to have been big sellers of Securicor ordinary, 45 lower at 633p and the "A" shares, which fell 65 more to 395p. Security Services took a similar pasting, closing 70 off at 295p.

The oil majors remained under pressure, despite the Office of Fair Trading clearance of price-fixing allegations and a marginal improvement in crude oil prices.

BP dipped 5 to 344p on good turnover of 11m shares, while Shell managed a minor gain at 450p, with turnover reaching 6.3m shares. British Gas drifted further, still unsettled by the bearish stance adopted by BZW early in the week, closing 1¼ off at 206½p on turnover of 7.8m.

Lasmo, upset in midweek by a placing of 2m shares, rallied 13½ to 460p. Enterprise edged up 4 to 650p. Other good performers in the exploration and production stocks included Clyde, which rose 3 to 190½p, and Goal, 4 firmer at 102½p.

The fall from grace of oil minnow Kelt Energy continued with the shares down ½ at 3¼p, after 3¼p, as the group announced it was passing the preference dividend due on on October 6. "The company does not propose any dividend on the ordinary shares," Kelt said.

British Airways slipped 3 to 145p after James Capel, the agency broker, slashed its forecast for the airline's 1990 profits to £232m from £295m. P&O and BAA slid back 5 and 6 with the market to close at 465p and 359p respectively.

Bank stocks steadied after the heavy falls caused by concern over corporate debts. Standard Chartered, badly affected in midweek by its association with Polly Peck, fell to 259p, before closing unaltered on balance at 269p.

Barclays, which announced the purchase of the small German bank and securities house, Merck Finck, was a shade off at 310p. Prudential attracted the biggest turnover in insurances, some 4m shares, and fell 4 to 194p after market suggestions that the group may be lining up a big asset sale.

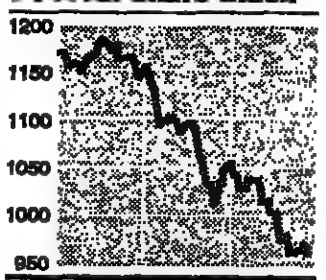
Building stocks were again out of fashion. Taylor Woodrow shed 2 to 191p, while Tilbury Group was sharply weaker at 418p, a loss of 32 ahead of interim figures due next Thursday. Conder Group turned last year's pre-tax interim profit of £5.1m into a £9.8m loss this year, due to a £14.4m loss in Elemeta subsidiary. It also cut its interim dividend to 0.3p from 1.2p. The Group's performance, excluding Elemeta, showed a £4.5m profit against £5.7m previously. Conder's price fell sharply to 37p, a loss of 18.

Countryside Properties failed to build on Thursday's sharp recovery which was based on a company buy-in of 50,000 shares, and closed 5 lower at 74p. On the other hand, Norcros moved up 8 to 100p on news that Norwich Union Fund Managers have declared a 4.18 per cent interest.

Downgraded by three investment houses this week, BET yesterday fell 5 further for a two-session loss of 19 to 188p. UBS Phillips & Drew was particularly concerned about BET's gearing, which, it fears, may rise to 100 per cent excluding disposals, thus reducing interest cover.

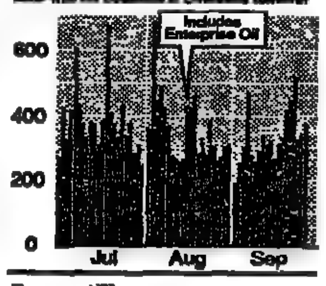
ECC dipped 9 to 306p on news of rationalisation and a downgrading by Hoare Govett. Mr Richard Rae at the securities house reduced current year profit expectations to £120m from £133m before the company disclosed job losses of 750 in Devon and Cornwall. The cost of these cutbacks could be £22m which would presumably reduce the Hoare figure still more.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover




Cookson, 3 off at 78p, recorded heavy volume again as overnight tax-loss deals were unwound. One transaction alone accounted for 6.3m shares of total turnover of 7.2m.

Chemical stocks followed no set pattern with W Canning again showing nervousness ahead of Monday's first-half statement and closing 5 down at 128p. Amersham International weakened to 294p, down 4, although half-yearly results are not due until November 21.

The appearance on the Seaq ticker of a block of more than 6m Storehouse shares triggered stories that Sir Terence Conran, the former chairman, had disposed of his remaining holding. However the company, of which Sir Terence is still a non executive director, denied the story. Storehouse shed 4 to 120p.

Wilding Office Equipment fell sharply in mid session as one marketmaker bought a block of 10,000 shares at 35p and marked his price down to a little above that level. However, after the market closed, the company said recent sales had been below budget, reflecting the difficult general economic climate. Wilding finished at 45p, down 20.

The disclosure of a drop in profits to £12.5m from Adwest was offset by a buoyant statement from the chairman and the shares moved up 4 to 84p.

Hunting Engineering was firm at 158p in a falling market after the Ministry of Defence announced that it had given the contract to run its atomic weapons activities to Hunting BRAE, a consortium formed by Hunting Engineering, Brown and Root and AEA Technology. The contract is expected to last for two years.

Vickers eased with the market despite a £0.5m upgrading to £95.5m by County NatWest of its full-year forecast, good interim profits of £39.8m and a Ministry of Defence tank contract worth £150m. The shares closed down 2 at 188p. British Steel traded heavily with a turnover of 9.8m following the previous day's downgrading but managed to hold its ground, closing at 115½.

STC rose 5 to 246p, boosted by heavy demand for the traded options, which dealers said was stimulated by revived talk that the group may well attract a takeover bid after selling control of its ICL computer subsidiary to Japan's Fujitsu.

Rank Organisation put in the best performance of the day among FT SE-100 stocks. Mr Bruce Jones at Smith New Court said he felt that the company was taking an increasingly positive view of what can be done with its recent Mecca acquisition. The company has told analysts it will not give details of current trading until the end of October. Rank climbed 20 to 544p on good turnover.

Adverse comment on Thursday's results and convertible issue from Brent Walker left the shares 24 lower at 103p.

Property stocks continued to reflect the market's uncertainty about high interest rates and declining economic growth. The payment of quarterly interest on borrowings did not appear to cause any problems.

However, sentiment remained sufficiently bearish to push British Land 7 lower to 233p, while Hammerson 'A' shed 7 to 523p. Signs of further weakness in the sector were underlined by a fall in half year profits for BHH Group and a halving of the interim dividend to 1.0p, although the stock closed unchanged at 44p.

Faber Pest, which began life on Thursday after having been introduced recently at 180p, failed to maintain the firm opening day's level and closed 18 down at 175p.

Sale Tilney, the insurance, food and technology group, lost 65 per cent of its market value after passing the interim dividend and reporting a first-half loss. The company said: "Subject to the full cooperation and ongoing support of its bankers, with whom the group is currently in discussion, the group as a whole can look forward to an improvement in its trading results for the second half." The shares fall 24 to 13p.

William Jacks repeated the sorry tale of no dividend plus a loss and fell 6 to 44p. Stormguard shares also sustained a serious fall on news that the mid-term profits were unlikely to show a material profit before tax. They closed 11 down at 17p.

Water stocks, good performers in midweek after a number of positive brokers reviews, suffered from a minor bout of profit taking. County NatWest yesterday hosted a well-attended seminar given to water and waste/engineering industry executives and institutional investors focusing on potential moves by the water companies into the waste disposal area of the market.

Of the best performers earlier in the week, Northumbrian dipped 4 to 240p. Thames, rumoured to be a potential counter bidder for Caird, lost 5 to 216½p, and South West retreated the same amount to 225p. Yorkshire was the sector's best performer, closing 3 higher at 237p. The Water Package closed 38 down at £2235.

Thursday's cautious statement from United Newspapers continued to bear down on the stock leaving it another 12 lower at 281p.

Bearish press comment on the prospects for News Corporation, the multinational media group controlled by Mr Rupert Murdoch, left shares in its London-quoted arm News International 39 off at 189p.

Thursday's downgrading from BZW of Reed International knocked another 11 off the shares to 329p. The gloom in the publishing sector affected Pearson, 14 down at 687p.

Interim figures from Central Independent Television took the shares sharply lower. Profit fell 40 per cent to £6.8m and the price dropped 69 to 535p. Other TV contractors lost ground in sympathy. Anglia shed 9 to 207p and Thames ended 12 cheaper at 324p.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 9.

## TRADING VOLUME IN MAJOR STOCKS

| | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ADT | 453 | 132 | -9 | Courtaulds | 325 | 294 | +3 | Manpower | 6 | 66 | | Smith & Nephew | 1,900 | 93½ | -1 |
| ASDA Group | 2,500 | 114 | +1½ | Dalgety | 518 | 390 | +2 | Marks & Spencer | 2,800 | 215 | -1 | SmKl Beecham | 1,100 | 528½ | -8½ |
| [illegible] | 2,200 | 186 | -2½ | Dixons | 1,600 | 118 | -4 | Maxwell Comms. | 8,900 | 145½ | -8 | SmKl Beecham Units | 4 | 2313 | -67 |
| Allied-Lyons | 1,700 | 425 | -7 | ECC Group | 1,200 | 306 | -9 | Midland Bank | 1,200 | 185 | -4 | Smiths Inds. | 727 | 199 | +2 |
| Amstrad | 1,600 | 40 | +2 | Enterprise Oil | 883 | 651 | +4 | NatWest Bank | 2,600 | 234 | | South West Water | 37 | 225 | -5 |
| Anglian Water | 1,000 | 230½ | -4 | FKI | 1,400 | 49½ | -½ | Next | 1,400 | 39 | -1 | Southern Water | 385 | 205½ | -1½ |
| Argos | 585 | 221 | -3 | Ferranti | 3,300 | 18 | -½ | North West Water | 1,100 | 227 | -3 | Standard Chartd. | 3,100 | 269 | |
| Argyll Group | 1,400 | 238 | +1 | Fisons | 2,300 | 360 | -6 | Northern Foods | 541 | 328 | | Storehouse | 14,000 | 120 | -4 |
| Ass. Brit. Foods | 334 | 404 | -4 | Gen. Accident | 1,000 | 435 | -10 | Northumbrian Water | 222 | 340 | -4 | Sun Alliance | 2,000 | 273 | -2 |
| BAA | 1,100 | 359 | -6 | General Elec. | 2,300 | 180½ | -1½ | Pearson | 595 | 687 | -14 | Sun Life | 3 | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| BP | 11,000 | 345 | -4 | Inchcape | 882 | 306 | +1 | Rtl Bk Scotland | 1,700 | 127 | | Water Package Uts. | 1 | £2235 | -38 |
| British Steel | 9,800 | 115½ | -½ | Kingfisher | 1,400 | 328 | -1 | Royal Insurance | 1,800 | 380 | -3 | Wellcome | 1,100 | 478 | -8 |
| [illegible] | 7,900 | 284 | +1 | Ladbroke | 6,700 | 237 | -3 | STC | 1,300 | 246 | +5 | Welsh Water | 1,500 | 249 | +1 |
| Bunzl | 112 | [illegible] | | Land Securities | 1,200 | 409 | -7 | Saatchi | 1,400 | 32 | +4 | Wessex Water | 44 | 219 | -4 |
| Burmah Castrol | 447 | 494 | -16 | Laporte | 258 | 440 | +5 | Sainsbury | 1,800 | 289 | -3 | Whitbread "A" | 889 | 403 | |
| Burton | 2,200 | 78½ | -2½ | Legal & General | 437 | 380 | -2 | Scottish & New. | 912 | 327 | +4 | Wiggins Teape | 772 | 161 | -4 |
| Cable & Wire | 1,500 | 401 | -2 | Lloyds Abbey | 890 | 291 | -1 | Sears | 4,200 | 85 | -2 | Williams Hldgs. | 1,700 | 192 | |
| Cadburys | 8,500 | 307 | -7 | Lloyds Bank | 1,000 | 240 | -4 | Sedgwick | 798 | 174 | -5 | Willis Faber | 1,800 | 289 | -5 |
| Calor Group | 58 | 286 | +1 | LASMO | 1,800 | 460 | +15 | Severn Trent Water | 1,000 | 205½ | -3½ | Wimpey | 103 | 170 | -4 |
| Carlton Comms. | 882 | 515 | -10 | Lonrho | 727 | 207 | -7 | Shell Transport | 6,300 | 450 | +1 | Yorkshire Water | 238 | 237 | +3 |
| Coats Viyella | 1,400 | 108 | -1 | Lucas | 1,000 | 115 | -3 | Siebe | 911 | 397 | +4 | | | | |
| Comm. Union | 444 | 414 | -6 | MB Group | 607 | 180 | +3 | Slough Ests. | 125 | 294 | -4 | | | | |
| Cookson | 7,200 | 78 | -3 | MEPC | 485 | 427 | -6 | Smith (W.H.) A | 212 | 328 | | | | | |

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

## RISES AND FALLS

| | On Friday Rises | On Friday Falls | On Friday Same | On the week Rises | On the week Falls | On the week Same |
|---|---|---|---|---|---|---|
| British Funds | 71 | 1 | 21 | 92 | 256 | 117 |
| Corpn. Dom. & Foreign Bonds | 3 | 3 | 15 | 4 | 22 | 55 |
| Industrials | 184 | 513 | 863 | 1,368 | 2,320 | 4,118 |
| Financial and Props | 65 | 285 | 390 | 581 | 1,262 | 1,851 |
| Oils | 19 | 35 | 36 | 102 | 150 | 199 |
| Plantations | 0 | 0 | 10 | 1 | 9 | 40 |
| Mines | 27 | 35 | 94 | 179 | 182 | 423 |
| Others | 34 | 103 | 85 | 239 | 476 | 496 |
| Totals | 403 | 975 | 1,514 | 2,574 | 4,677 | 7,298 |

## NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (4).
BRITISH FUNDS (3) TRANSPORT (1).
NEW LOWS (385).
AMERICANS (35) CANADIANS (8) BANKS (17) BUILDINGS (9) CHEMICALS (11) STORES (16) ELECTRICALS (33) ENGINEERING (38) FOODS (8) HOTELS (3) INDUSTRIALS (58) ADT, AGA, Abbeycrest, Aberfoyle, Alfa-Laval B, Anglo Utd., Assoc. Brit. Eng. 8pc., Avon Rubber, BET, BSG Intl., Barry Wehmiller, Bluebird Toys, Boxmore Intl., Brierley Invs., Brit. Bloodstock, Brown & Tawse, Cannon Street Invs., Cargo Control, Community Hospitals, Crean (J), Dauphin, Davis (Godfrey), Doctus, Dover, Eleco, Electrolux, Erskine House, Expamet Intl., Fletcher Challenge, Granada, Hanson, Havelock Europa, Huntingdon Intl., Ibex, Johnson Cleaners, Jourdan (T), Low & Bonar, Norfolk House, OCE 8pc. Cv. 1987/92, Optical & Medical, Plasticseal, Reed Executive, Sale Tilney, Securicor, Do. A, Security Services, Serco, Sketchley, Sonic, Sthn. Business, Stora B, Stormgard, Suter, Swire Pacific A, T & N, Vinten, Walker Greenbank, Westerly, Whitecroft, Wilkes (J). INSURANCE (9) LEISURE (10) MOTORS (4) NEWSPAPERS (11) PAPERS (10) PROPERTY (13) SHOES (1) SOUTH AFRICANS (1) TEXTILES (9) TRANSPORT (3) TRUSTS (88) WATER (1) OILS (7) MINES (4) THIRD MARKET (1).

## LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday September 27 1990

| | | | | | |
|---|---|---|---|---|---|
| Water | - | 0.69 | Transport | - | 24.91 |
| Food Retailing | - | 2.64 | Textiles | - | 24.97 |
| Oil & Gas | - | 5.77 | Publishing & Printing | - | 25.04 |
| Stores | - | 8.67 | Investment Trusts | - | 25.27 |
| Brewers and Distillers | - | 9.99 | Engineering-General | - | 25.38 |
| Insurance(Life) | - | 13.71 | Banks | - | 25.64 |
| Health & Household Products | - | 14.21 | Financial Group | - | 26.48 |
| Consumer Group | - | 14.58 | Capital Goods | - | 26.84 |
| Packaging & Paper | - | 14.71 | Overseas Traders | - | 29.23 |
| Engineering-Aerospace | - | 15.74 | Insurance(Composite) | - | 29.27 |
| Food Manufacturing | - | 15.16 | Property | - | 30.06 |
| 500 Share Index | - | 17.79 | Motors | - | 30.17 |
| Telephone Networks | - | 17.62 | Electricals | - | 30.54 |
| All Share Index | - | 19.41 | Agencies | - | 31.35 |
| Metals & Metal Forming | - | 19.48 | Leisure | - | 32.16 |
| Industrial Group | - | 19.76 | Merchant Banks | - | 32.50 |
| Other Groups | - | 21.55 | Other Industrial Materials | - | 33.41 |
| Electronics | - | 21.69 | Insurance(Brokers) | - | 33.64 |
| Chemicals | - | 22.45 | Contracting,Construction | - | 33.10 |
| Conglomerates | - | 22.69 | Gold Mines Index | - | 35.91 |
| Building Materials | - | 24.06 | | | |

## BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| UK GILTS | | 13.500 | 09/92 | 101-16 | +4/32 | 12.61 | 12.62 | 12.38 |
| | | 9.000 | 03/00 | 84-08 | +11/32 | 11.62 | 11.73 | 11.63 |
| | | 9.000 | 10/08 | 83-05 | +18/32 | 11.19 | 11.11 | 11.29 |
| US TREASURY * | | 8.750 | 08/00 | 99-14 | +9/32 | 8.83 | 8.83 | 8.90 |
| | | 8.750 | 08/20 | 97-21 | +15/32 | 8.98 | 9.07 | 9.03 |
| JAPAN | No 119 | 4.800 | 6/99 | 80.7749 | +0.010 | 8.67 | 8.63 | 8.27 |
| | No 129 | 6.400 | 03/00 | 90.1623 | -0.067 | 8.25 | 8.14 | 7.95 |
| GERMANY | | 8.500 | 08/00 | 98.0400 | -0.040 | 9.12 | 9.02 | 8.93 |
| FRANCE | BTAN | 9.000 | 11/95 | 94.4360 | +0.063 | 10.44 | 10.42 | 10.32 |
| | OAT | 8.500 | 03/00 | 87.7100 | +0.060 | 10.59 | 10.57 | 10.26 |
| CANADA * | | 10.500 | 07/00 | 95.7000 | +1.050 | 11.23 | 11.12 | 10.80 |
| NETHERLANDS | | 9.000 | 10/00 | 98.0100 | -0.010 | 9.31 | 9.22 | 8.93 |
| AUSTRALIA | | 13.000 | 07/00 | 96.5949 | +0.363 | 13.63 | 13.57 | 13.69 |

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

*Technical Data/ATLAS Price Sources*

# COMMODITIES

## WEEK IN THE MARKETS

# Gold's meat is platinum's poison

DEEPENING CONCERN about the Gulf crisis sent gold and platinum prices in opposite directions this week. While investors seeking a safe haven pushed the gold price higher, the threat of recession hitting demand for platinum-based, car exhaust-cleaning catalytic converters weighed heavily on the platinum market.

The gold price moved above the $400-a-troy-ounce mark early in the week and a later dip found good buying support below that level. Traders saw overhead resistance at about $410 an ounce, however, and were not looking for further substantial gains in the immediate future. On the London bullion market gold closed yesterday at $404.75 an ounce, up $5.50 on the week.

In contrast the platinum price ended the week $22 lower at $431.75 an ounce. With exhaust catalysts having become the biggest single use for the metal, many precious metals analysts have been arguing for some time that it should now be regarded as an industrial metal, rather than an investment medium, and that its price relationship with gold could not be expected to continue as in the past. That view has certainly been supported by the performance of the two metals since Iraq's invasion of Kuwait. Since then gold's price has risen by $31.50 an ounce, but platinum's has fallen by $53.10.

At the London Metal Exchange the main feature of the week was the setback to aluminium's bull trend. A sharp fall on Monday was seen as an overdue technical correction following the preceding rise and most traders thought the bull trend was still intact. They pointed to the prospect of continuing supply tightness for the metal and noted that the fall had attracted fresh buying interest late in the day.

| LME WAREHOUSE STOCKS (As at Thursday's close) tonnes | | |
|---|---|---|
| Aluminium | +1,850 | to 198,000 |
| Copper | +6,025 | to 187,575 |
| Lead | +100 | to 42,675 |
| Nickel | +552 | to 3,444 |
| Zinc | +400 | to 60,725 |
| Tin | +525 | to 12,000 |

But although further falls were partly regained on Thursday, when speculative buying and short-covering appeared, a fresh downturn yesterday left the cash price at the week's low of $1,895 a tonne, down $332.50 on balance.

The copper market added to last week's sharp fall on Monday, when the cash price plunged by £135.50 a tonne and moved briefly into a discount against the three months position. But it was quickly on the mend and at last night's close was down only £50 on the week at £1,527.50 a tonne. And the cash premium was back at £64.50 a tonne, only £5.50 less than a week earlier.

A cash premium is a sign of concern about supply availability. And that concern was heightened on Thursday when the state-owned Southern Peru Copper Corporation extended into next month the *force majeure* on cathode deliveries caused by the strike at Minero Peru, which smelts the corporation's copper blister. Later news that the Minero strike was over did little to dampen the revival in sentiment, but the copper market was depressed yesterday by the announcement of a further 6,025-tonne rise in LME warehouse stocks of the metal, taking them to a 4¾-year high of 187,575 tonnes.

The main bright spot for bulls on the LME this week was the tin market, where the cash price climbed back above $6,000 a tonne for the first time in six weeks. The appearance of some physical buying interest following an extremely slack period had pushed the market through some minor resistance levels, said Mr John Harris, metals analyst at London broker Rudolf Wolff. He also noted that the price was still below break-even level for most producers.

As the upturn continued to be fuelled by heavy "borrowing" (buying cash and selling forward) the cash price gained $325 to $6,450 a tonne yesterday and the discount against three-months metal, which a week earlier was at $110 a tonne, narrowed to $40 a tonne. The market seemed unworried by a report that Brazil, the biggest producer, would not after all be joining the Association of Tin Producing Countries.

Another drab week on the coffee market received little enlivenment from the International Coffee Organisation meeting in London, where yesterday delegates appeared to be moving inexorably towards a further extension of the moribund International Coffee Agreement – an outcome that had been confidently predicted even before the talks began nearly two weeks ago. The extended pact would continue to operate without its export quota system, which was suspended a year ago.

After modest early gains yesterday the market settled back into its slow price drift, with the November position closing at £591 a tonne, down £4 on the day and £19 on the week.

**Richard Mooney**

# APPOINTMENTS

# Executive directors of Hanson

■ Mr Anthony R. Cotton, deputy chief operating officer UK, and Mr Peter J. Harper, chairman, Hanson Industrial Services, have been appointed executive directors of HANSON. They were associate directors. Mr Ronald S. Fulford, chairman of Imperial Tobacco, is appointed to the new post of senior associate director. Ms Karen B. Levy, Mr Robert C. Stift, Mr Craig C. Sergeant, Mr Peter J. Turner, Mr Alexander C. Nottar and Mr Robert W. Hanson, have become associate directors.

■ Mr Mike Shaughnessy has been appointed personnel manager of BOCM SILCOCK, Basingstoke, Unilever animal feeds company. He was company personnel manager. Mr Peter Forman becomes managing director of Unilever's UNITED AGRICULTURAL MERCHANTS. He was CBI southern regional director, and prior to that was UAM's operations manager.

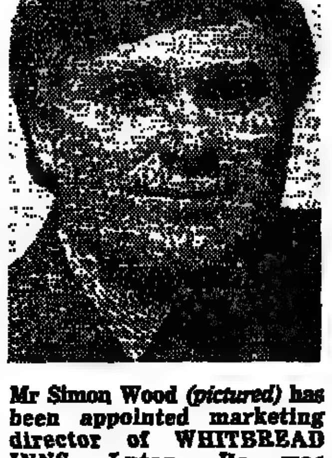
■ Mr John Roost has been appointed managing director of REDWOOD PRESS, Melksham, a Gieves Group company. He was deputy managing director, production. Mr David Hewlett becomes works director, and Mr Esmond Jones takes over as commercial/financial director. These moves follow the resignation through ill health of the previous managing director, Mr John Rivers.

■ SIMPSON THATCHER & BARTLETT, a New York-based law firm, has appointed Mr Charles I. Cogut as a partner in the London office, specialising in mergers and acquisitions.

■ Mr R.G. Miller has been appointed executive director of THE ASSOCIATION OF INSURANCE AND RISK MANAGERS IN INDUSTRY AND COMMERCE.

■ WATMOUGHS (HOLDINGS), Bradford, has appointed Mr Philip Ogden as group sales director. He was assistant managing director of subsidiary Watmoughs.

■ Mr John Hetherington has been appointed managing director of FENCHURCH MIDLANDS, succeeding Mr John Price who becomes chairman. The company is part of Fenchurch Insurance Brokers.



Mr Simon Wood *(pictured)* has been appointed marketing director of WHITBREAD INNS, Luton. He was managing director of Grand Met's Chef and Brewer division.

■ Mr Mike Trice has been appointed sales director at GOODWIN AIR PLASMA, Loughborough. He was sales manager of Kaldair Gas Services.

■ STRATUS COMPUTER INC has appointed Mr Michael Strong as director of Unix marketing.

■ Mr Robert J. Foyle has been appointed production director of CASTELL SAFETY INTERNATIONAL. He was production manager.

■ Mr Robert Davies has been appointed manager of the strategy and operational planning department of THE DOMINION INSURANCE CO, UK subsidiary of the Fondiaria Group. He was assistant manager, UK division.

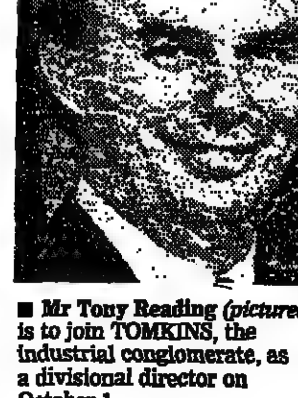
■ Dr David Jack has been appointed a non-executive director of BRITISH BIO-TECHNOLOGY GROUP, succeeding Dr Peter Fellner who has resigned following his appointment as chief executive of Celltech Group.

■ Y.J. LOVELL (HOLDINGS) has appointed Mr Cedric Scroggs as a non-executive director. He is on the board of Fisons, and chairman of its scientific equipment division.

■ Mr Keith Douglas-Jones has been promoted to managing director from operations director at SEARS FINANCIAL SERVICES.

■ Mr Alan Arnsby and Mr Bill Emmerson have been appointed joint managing directors of JOHN LELLIOTT ENGINEERING SERVICES, holding company of the mechanical and electrical services division, John Lelliott Group. They take over from Mr Mac Robertson who becomes non-executive deputy chairman of the company, and remains chairman of all the division's operating companies. Mr Arnsby is managing director of Reflex Electrical, and Mr Emmerson is managing director of Plowright, the principal operating companies.

## Tony Reading joins Tompkins



■ Mr Tony Reading *(pictured)* is to join TOMKINS, the industrial conglomerate, as a divisional director on October 1.

His responsibility will extend to Smith & Wesson firearms, Pegler, Newman Hattersley and Hattersley Heaton valves, and Nuelectrohms temperature sensing controls.

Mr Reading's intention to resign as managing director of Pepe Group, the jeans manufacturer, was announced in July. He was previously managing director of Polly Peck International and BTR's group chief executive for European manufacturing.

He replaces Mr Bob Ruddimer, who last month became chairman of Philips Industries. Tomkins' recent US acquisition.

# FT MANAGED FUNDS SERVICE

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## AUTHORISED UNIT TRUSTS

[illegible]

### GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
[illegible]

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
[illegible]

TIME
[illegible] ✦ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ● - 1701 to midnight.

HISTORIC PRICING
[illegible]

FORWARD PRICING
[illegible]

SCHEME PARTICULARS AND REPORTS
[illegible]

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# FT MANAGED FUNDS SERVICE

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### Target Trust Mngrs Ltd (1600)F
Target Hse, Gatehouse Rd, Aylesbury, Bucks.
Admin: 0296 394000 Dealing: 0296 312156

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| American Eagle | 5 | 57.41 | 57.41 | 61.34 | -1.38 | 1.26 |
| Australia | 5 | 6.139 | 6.139 | 6.567 | [illegible] | 4.06 |
| Equity | 5 | 133.5 | 133.5 | 143.3 | -2.0 | 3.37 |
| Euro Spec Sits | 5 | 93.13 | 93.13 | 100.4 | -1.8 | 0.69 |
| Financial | 5 | 23.19 | 23.35xd | 25.14 | -0.47 | 3.45 |
| Global Opps Inc | 5 | 54.93 | 54.93 | 59.08 | -1.06 | 0.00 |
| Global Opps Acc | 5 | 55.34 | 55.34 | 59.52 | -1.00 | 0.00 |
| Gold & Gen Inc | 5 | 41.77 | 41.77 | 44.83 | -0.42 | 0.89 |
| Gold & Gen Acc | 5 | 77.86 | 77.86 | 83.56 | -0.78 | 0.89 |
| Income | 5 | 81.37 | 81.37xd | 87.69 | -1.52 | 7.07 |
| Japan & General | 5 | 94.90 | 94.90xd | 102.2 | -2.8 | 0.00 |
| Preference Share | 5 | 17.07 | 17.07 | 18.38 | -0.44 | 14.43 |
| UK Capital | 5 | 72.77 | 72.77 | 78.11 | -1.13 | 4.47 |
| World Income | 5 | 51.65 | 51.65 | 55.36 | -1.21 | 6.38 |
| Worldwide Capital | 5 | 138.8 | 138.8 | 149.4 | -2.6 | 3.66 |

### Templeton Unit Trust Managers Ltd (1200)F
Atholl Crescent, Edinburgh EH3 8HA 031 228 3932

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Global Growth Acc | 6 | 93.76 | 94.48 | 101.05 | -0.93 | 3.73 |
| Global Growth Inc | 6 | 90.08 | 90.78 | 97.09 | -0.89 | 3.73 |
| Global Balanced Acc | 6 | 93.47 | 93.94 | 100.47 | -0.49 | 4.98 |
| Global Balanced Inc | 6 | 88.87 | 89.31 | 95.32 | -0.47 | 4.98 |
| Value Tst Acc | 6½ | 67.94 | 69.01 | 73.80 | -1.43 | 4.66 |
| Value Tst Inc | 6½ | 66.25 | 67.29 | 71.96 | -1.4 | 4.66 |
| Intl Pen & Ch'ties Inc ▼ | 2 | 90.06 | 91.58 | 96.14 | — | 3.88 |
| Intl Pen & Ch'ties Acc ▼ | 2 | 88.31 | 89.79 | 94.27 | — | 3.88 |

### Thornhill Unit Trust Managers Ltd (1200)F
29 St John's Sq, London EC1M 4AE 071-251 6767

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Capital | 5 | 43.89 | 44.17 | 46.98 | — | — |
| Overseas | 5 | 39.25 | 39.47 | 41.98 | — | — |

### Thornton Unit Managers Ltd (1000)F
33 Cavendish Sq., London W1M 0DH 071-493 7262
Dealing 071-493 8545

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| American Opps | 5 | 41.86 | 41.86 | 44.64 | -0.91 | 0.25 |
| (Accum Units) | 5 | 43.08 | 43.08 | 45.94 | -0.94 | 0.25 |
| Cash | 0 | 50.42 | 50.42 | 50.42 | — | 14.75 |
| Accum Units | 0 | 50.42 | 50.42 | 50.42 | — | 14.75 |
| European Opps ‡ | 5 | 58.24 | 58.24 | 62.11 | -0.24 | 0.00 |
| (Accum Units) ‡ | 5 | 58.56 | 58.56 | 62.45 | -0.24 | 0.00 |
| Far Eastern Opps | 5 | 94.02 | 94.02 | 100.28 | -1.98 | 0.00 |
| (Accum Units) | 5 | 94.62 | 94.62 | 100.92 | -1.99 | 0.00 |
| Golden Opps | 5 | 31.47 | 31.47 | 33.55 | -0.28 | 0.00 |
| (Accum Units) | 5 | 32.37 | 32.37 | 34.51 | -0.29 | 0.00 |
| Intl Hi-Yield | 5 | 47.01 | 47.01 | 50.14 | -0.67 | 5.49 |
| (Accum Units) | 5 | 51.25 | 51.25 | 54.66 | -0.73 | 5.49 |
| Sanyo Japan Tst | 5 | 49.09 | 49.09 | 52.35 | -2.61 | 0.00 |
| (Accum Units) | 5 | 49.09 | 49.09 | 52.35 | -2.61 | 0.00 |

### Murray Johnstone UT Mngmt
Murray Exempt Funds

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Amer Expt Sept 26 | 38.2 | 39.6 | — | 2.81 |
| Euro Expt Sept 26 | 46.2 | 48.5 | — | 2.93 |
| Fixed Int Ex Sept 26 | 42.6 | 43.7 | — | 11.57 |
| Japan Expt Sept 26 | 38.2 | 39.8 | — | 0.91 |
| Managed Ex Sept 27 | 36.5 | 37.9 | — | 5.72 |
| SE Asia Expt Sept 26 | 53.9 | 56.5xd | — | 3.77 |
| Sm Cos Expt Sept 26 | 29.4 | 30.8 | — | 3.44 |
| UK Eqty Ex Sept 26 | 34.1 | 35.8xd | — | 5.63 |

### Phillips & Drew Fund Management Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Small Co's Sep 5 | 642.8 | 685.8 | — | 5.25 |
| Do Accum | 708.9 | 755.2 | — | 5.25 |
| Int. Expt Sept 27 | 146.8 | 149.2 | — | 3.8 |
| UK Index Sept 5 | 1015 | 1035 | — | 5.1 |
| Do Accum | 1059 | 1080 | — | 5.1 |
| Convertible Sept 24 | 78.71 | 81.18 | — | 9.0 |
| World ex UK Index Sept 24 | 637.6 | 646.2 | — | 2.56 |
| Do Accum | 637.6 | 646.2 | — | 2.56 |
| Japan Index Sept 24 | 516.0 | 523.4 | — | 0.6 |
| Do Accum | 517.0 | 524.3 | — | 0.6 |
| USA Index Sept 24 | 730.1 | 735.1 | — | 3.9 |
| Do Accum | 740.4 | 745.4 | — | 3.9 |
| European UK Index Sept 24 | 775.1 | 794.1 | — | 3.2 |
| Do Accum | 787.2 | 806.3 | — | 3.2 |
| Pacific ex Jap Index Sept 25 | 776.8 | 799.4 | — | 5.6 |
| Do Accum | 791.5 | 814.4 | — | 5.6 |
| Managed Exempt Sept 27 | 87.75 | 89.29 | — | 5.45 |
| American Exempt | — | — | — | — |
| European Exempt | — | — | — | — |
| Japan Exempt | — | — | — | — |
| Pacific Basin | — | — | — | — |

### NM Rothschild Asset Management Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| NC Managed | 51.0 | 54.3xd | -0.6 | 4.37 |
| NC Property | 179.5 | 196.5 | — | — |

### J. Rothschild Fund Managers Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Intl Exempt Accum | 130.5 | 131.61 | — | 2.97 |

### Stewart Ivory & Co Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Saints PPP Aug 13 | 245.8 | 258.1 | — | — |

Closed to new business

### Thornton Unit Managers Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed Exempt Sept 17 | 89.02 | 94.25 | — | 4.38 |
| (Accum Units) | 90.78 | 96.12 | — | 4.38 |

### Touche Remnant Unit Tst Mngt Ltd

## INSURANCES

## OTHER UK UNIT TRUSTS

Continued on next page

# FT MANAGED FUNDS SERVICE

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**Norwich Union Asset Management Ltd**
PO Box 140, Norwich NR3 1PP 0603 686787

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **NUAM Funds** | | | | |
| Managed Fund | 58.6 | 61.7 | -0.7 | – |
| Stock Market Mngd Fund | 54.9 | 57.8 | -0.7 | – |
| Equity Fund | 62.4 | 65.7 | -0.9 | – |
| International Fund | 48.1 | 50.7 | -0.6 | – |
| European Fund | 58.6 | 61.7 | -0.7 | – |
| North American Fund | 48.1 | 50.7 | -0.7 | – |
| Pacific Fund | 49.1 | 51.7 | -0.6 | – |
| Property Fund | 87.2 | 91.8 | ..... | – |
| Fixed Interest Fund | 51.2 | 53.9 | +0.1 | – |
| Index Linked Sec Fund | 57.8 | 60.8 | +0.2 | – |
| Deposit Fund | 65.2 | 68.7 | ..... | – |
| **NUAM Retirement Plans** | | | | |
| Mixed Fund | 63.5 | 66.8 | -0.8 | – |
| UK Ordinary Share Fd. | 71.7 | 75.5 | -1.0 | – |
| International Fund | 52.1 | 54.9 | -0.7 | – |
| Property Fund | 84.2 | 88.7 | -1.2 | – |
| Fixed Interest Fund | 60.8 | 64.0 | ..... | – |
| Index Linked Sec Fund | 61.0 | 64.2 | +0.2 | – |
| Deposit Fund | 75.5 | 79.4 | ..... | – |
| **NUAM (NF)** | | | | |
| Managed Fund | 832.9 | 876.8 | -8.2 | – |
| Equity Fund | 1730.3 | 1821.4 | -21.3 | – |
| International Fund | 127.0 | 133.7 | -1.9 | – |
| Property Fund | 551.5 | 580.6 | +0.1 | – |
| Fixed Interest Fund | 383.3 | 403.5 | +0.6 | – |
| Index Linked Sec Fund | 58.8 | 61.9 | +0.2 | – |
| Deposit Fund | 268.3 | 282.5 | +0.1 | – |

**Norwich Union Life Insurance Soc.**
Surrey Street, Norwich NR1 3NG 0603 622200

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Unitised Life** | | | | |
| With Profits Fd. | 104.86 | 110.38 | +0.03 | – |
| Managed Fd. | 79.29 | 83.46 | -0.96 | – |
| UK Ord Share Fd. | 81.71 | 86.01 | -1.09 | – |
| International Fd. | 71.25 | 75.00 | -1.02 | – |
| European Fd. | 81.25 | 85.53 | -1.04 | – |
| North American Fd. | 73.38 | 77.24 | -1.17 | – |
| Pacific Fd | 62.27 | 65.54 | -0.74 | – |
| Property Fd. | 100.08 | 105.35 | +0.02 | – |
| Fixed Int Fd | 92.32 | 97.18 | +0.04 | – |
| Intl Bond Fd. | 88.17 | 92.81 | -0.31 | – |
| Deposit Fd. | 105.56 | 111.11 | +0.03 | – |
| **Unitised Pensions** | | | | |
| With Profits Fd. | 138.00 | 145.26 | +0.05 | – |

**Sun Alliance International Life**
PO Box 77, New St, St Peter Port, Guernsey 0481 714108

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| North American Equity $ | $7.69 | 8.28 | ..... | – |
| Pacific Equity $ | $6.62 | 7.13 | ..... | – |
| Intl Currency $ | $4.23 | 4.56 | ..... | – |
| Intl Bond Fund $ | $6.60 | 7.11 | ..... | – |
| Gilt Fund £ | £3.82 | 4.11 | ..... | – |
| US Dollar Mngd Fd $ | $1.53 | 1.65 | ..... | – |
| Stlg Managed Fd £ | £0.98 | 1.05 | ..... | – |

**Target International Group**
1 rue Emile Bian, Luxembourg Tlx 2809 Tel 4050751

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Sterling Pens Plan | £0.71 | 0.77 | ..... | – |
| US Dollar Pens Plan | $0.72 | 0.78 | ..... | – |

**J. D. Ward Financial Services Ltd**
4 Kingsway, London, WC2 6XF. 01-836 4321

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Target Mngd Bond | 184.2 | 193.9 | ..... | – |
| Target Mngd Pension | 111.2 | 117.1 | +0.1 | – |
| Albany Life Acc | 165.0 | 173.7 | -0.3 | – |
| Albany Pens Acc | 203.8 | 214.5 | -0.4 | – |

## OFFSHORE AND OVERSEAS

### BERMUDA (SIB RECOGNISED)

### CANADA (SIB RECOGNISED)

### GUERNSEY (SIB RECOGNISED)

### OFFSHORE INSURANCES

### MANAGEMENT SERVICES

### GUERNSEY (REGULATED)

# FT MANAGED FUNDS SERVICE

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| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| **Arab Bank Fund Managers (Guernsey) Ltd** | | | | |
| ABL International Fund Ltd | | | | |
| US Dollar Money | $10.26 | 10.26 | ---- | − |
| Managed Currency | $10.30 | 10.31 | ---- | − |
| International Bond | $10.13 | 10.15 | ---- | − |
| **Baring Int Fund Managers Guernsey Ltd** | | | | |
| Mngd Portfolio (Dlr) | $9.65 | 10.22 | ---- | − |
| Mngd Portfolio (Stlg) | £3.75 | 4.03 | ---- | − |
| Baring Currency Fund Ltd | | | | |
| US Dollar | | $14.43 | | − |
| Sterling | | £17.45 | +0.01 | − |
| Deutschemark | | DM37.72 | | − |
| Japanese Yen | | Y3772 | +1 | − |
| Managed | $39.90 | 41.89 | +0.15 | − |
| **Dashrust Management (Guernsey) Ltd** | | | | |
| Dashrust Limited | [illegible] | 114.88 | ---- | − |
| **Fiduart-Consell Fund Mngrs (Guernsey) Ltd** | | | | |
| Hautcastle G & B Fd | SFr7.93 | 8.02 | ---- | 2.76 |
| **John Govett Mngmnt International Ltd** | | | | |
| Govett High Inc Gilt | £0.3369 | 0.3590 | −0.001 | 14.48 |
| Govett Far East Inv | $0.857 | 0.895 | −0.005 | − |
| Energy & Resources | $0.700 | 0.740 | −0.017 | − |
| **Hambros Fund Managers (CI) Ltd** | | | | |
| Japanese OTC | $8.2591 | 8.7852 | ---- | − |
| **Hawelet Throgmorton Mngmt Ltd** | | | | |
| Intl Inv-Stlg High Inc | £9.750 | 10.27 | −0.028 | 10.00 |
| Intl Inv-Intl High Inc | $48.093 | 50.692 | −0.017 | 5.54 |
| **Henderson Admin. (Guernsey)** | | | | |
| Priv Rs Portfolio | £0.908 | | | − |
| Balanced Gwth $ Prtflo | $1.761 | 1.896 | −0.011 | − |
| Balanced Gwth £ Prtflo | £1.034 | 1.110 | +0.006 | − |
| Select. Mkts $ Prtflo | $2.818 | 2.966 | −0.022 | − |
| Inc & Gwth $ Prtflo | $1.643 | 1.748 | −0.014 | − |
| High Income £ Prtflo | £0.591 | 0.625 | ---- | − |
| **Hill Samuel Fd. Mngrs. (Guernsey) Ltd** | | | | |
| Guernsey Tst | 62.38 | 66.71 | −0.32 | 2.90 |
| **Kleinwort Benson Intl Fd Mngrs Ltd** | | | | |
| KB Int.Ac.Bd.Acc* | £8.650 | 9.112 | +0.061 | − |
| KB Japan Fund | | $204.24 | ---- | − |
| KB Sterling Asset | £29.00 | 29.00 | ---- | − |

*Offer price inclusive of maximum preliminary charge

| | | | | |
|---|---|---|---|---|
| **Kleinwort Benson Islamic Fd Mgmt Ltd** | | | | |
| Islamic Fund | $5.45 | 5.85 | ---- | 0.48 |
| **Lazard Fund Managers (CI) Ltd** | | | | |

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| **Sarasin (Isle of Man) Ltd** | | | | |
| Fargest Fd Sept 20 | | £11.81 | ---- | − |
| UK Trend Sept 20 | | £8.38 | ---- | − |
| **Target International (Isle of Man) Ltd** | | | | |
| IMC Offshore Fd | £7.69 | 8.32 | −0.38 | − |
| Fleet Street Inv Fd | £6.88 | 7.32 | −0.19 | − |
| Offshore Income Fd Ltd | £8.86 | 9.31 | −0.09 | − |
| Nelson Mlms WW S/S | £9.09 | 9.61 | −0.42 | − |
| Tattersall Intl Assets | £6.94 | 7.24 | −0.29 | − |
| **Tyndall International (Isle of Man) Ltd** | | | | |
| K.I. Gilt/Building | 96.6 | | | − |
| (Accum Shares) | 154.0 | 161.8 | −0.1 | − |
| **Unibank Scandinavian Fund Ltd** | | | | |
| Scandinavia Fd | 172.48 | 183.58 | ---- | 1.0 |

## JERSEY (SIB RECOGNISED)

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or − | Yield Gr's |
|---|---|---|---|---|---|---|
| **Barclays International Funds** | | | | | | |
| PO Box 152, St Helier, Jersey CI | | | | | 0534 67898 | |
| Australian Eq (Inc) | 5¼ | £0.871 | 0.876 | 0.937 | −0.01 | 2.5 |
| Global Income (Inc) | 5¼ | £0.397 | 0.397 | 0.424 | ---- | 4.4 |
| Global Resources R | 5¼ | £0.366 | 0.370 | 0.396 | −0.02 | 1.3 |
| Currency Fund | | | | | | |
| Stg Premium Income B | | £10.12 | | 10.13 | +0.01 | 13.8 |
| **Capital House Fund Mgrs (CI) Ltd (0900)H** | | | | | | |
| PO Box 189, Capital Hse, Bath St., St. Helier, Jersey | | | | | | |
| Tel: 0534 74689 (Dealing) 0534 73439 (Marketing) | | | | | | |
| Facsimile: 0534 79040 Telex: 4192136 | | | | | | |
| Capital House International Growth Funds Ltd | | | | | | |
| Equities | | | | | | |
| UK Equity | 5 | £1.022 | 1.033 | 1.096 | [illegible] | − |
| North American | 5 | $1.340 | 1.375 | 1.459 | [illegible] | − |
| Japanese | 5 | $1.238 | 1.246 | 1.322 | [illegible] | − |
| Pacific Basin | 5 | $2.102 | 2.126 | 2.256 | [illegible] | − |
| Continental European | 5 | $2.246 | 2.277 | 2.417 | [illegible] | − |
| Gold | 5 | $1.452 | 1.482 | 1.573 | [illegible] | − |
| Bonds | | | | | | |
| Sterling Bond | 5 | £1.324 | 1.324 | 1.397 | [illegible] | − |
| International Bond | 5 | $1.720 | 1.728 | 1.820 | ---- | − |
| Currencies | | | | | | |
| £ Sterling | 0 | £24.35 | | 24.35 | +0.01 | 14.70 |
| US$ | 0 | $18.74 | | 18.74 | ---- | 6.81 |
| Japanese Yen | 0 | [illegible] | | 3,572 | +1 | 7.43 |
| D Marks | 0 | [illegible] | | 57.57 | +0.01 | 6.81 |
| Swiss Francs | 0 | [illegible] | | 50.65 | ---- | 5.88 |
| Fr Francs | 0 | [illegible] | | 225.70 | ---- | [illegible] |
| Ecu's | 0 | [illegible] | | 22.84 | +0.01 | 8.72 |
| Managed | | | | | | |
| Intl Portfolio | 5 | $1.513 | 1.530 | 1.624 | [illegible] | − |
| Managed Currency | 3 | [illegible] | 2.007 | 2.11 | [illegible] | − |

## JERSEY (REGULATED)

## IRELAND (SIB RECOGNISED)

## ISLE OF MAN (SIB RECOGNISED)

## ISLE OF MAN (REGULATED)

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

### MANAGED FUNDS NOTES

# WORLD STOCK MARKETS

## US MARKETS (3pm)

## CANADA (3pm)

## AUSTRIA / BELGIUM/LUXEMBOURG / DENMARK / FINLAND / FRANCE / GERMANY / ITALY / NETHERLANDS / NORWAY / SPAIN / SWEDEN / SWITZERLAND / SOUTH AFRICA

## JAPAN

## AUSTRALIA / HONG KONG / MALAYSIA / SINGAPORE

## INDICES

### NEW YORK

| DOW JONES | Sept. 27 | Sept. 26 | Sept. 25 | Sept. 24 | 1990 HIGH | 1990 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| ♦Industrials | 2427.48 | 2459.65 | 2485.64 | 2452.97 | 2999.75 (16/7) | 2427.48 (27/9) | 2999.75 (16/7/90) | 41.22 (2/7/32) |
| Home Bonds | 88.70 | 88.69 | 88.72 | 88.44 | 93.04 (3/1) | 88.44 (24/9) | — | — |
| Transport | 828.03 | 846.52 | 844.67 | 841.90 | 1212.77 (6/6) | 828.03 (27/9) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 198.69 | 199.76 | 200.64 | 199.76 | 236.23 (2/1) | 190.96 (24/8) | 236.23 (2/1/90) | 10.50 (8/4/32) |

♦Day's High 2492.33 (2496.04) Low 2396.29 (2435.40)

| STANDARD AND POOR'S | Sept. 27 | Sept. 26 | Sept. 25 | Sept. 24 | 1990 HIGH | 1990 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 300.97 | 305.06 | 308.26 | 304.59 | 368.95 (16/7) | 300.97 (27/9) | 368.95 (16/7/90) | 4.40 (1/6/32) |
| Industrials | 355.12 | 359.99 | 363.73 | 359.32 | 437.37 (16/7) | 355.12 (27/9) | 437.37 (16/7/90) | 3.62 (21/6/32) |
| Financial | 19.88 | 20.63 | 21.21 | 20.96 | 31.87 (3/1) | 19.88 (27/9) | 35.24 (9/10/89) | 8.64 (1/10/74) |
| NYSE Composite | 165.36 | 167.52 | 169.20 | 167.51 | 201.13 (16/7) | 165.36 (27/9) | 201.13 (16/7/90) | 4.46 (25/4/42) |
| Amex Mkt. Value | 305.43 | 310.06 | 313.17 | 312.84 | 382.45 (5/1) | 305.43 (27/9) | 397.03 (10/10/89) | 29.31 (9/12/72) |
| NASDAQ Composite | 341.19 | 350.03 | 354.78 | 352.16 | 469.60 (16/7) | 341.19 (27/9) | 485.73 (9/10/89) | 54.87 (31/10/72) |

| | Sept.21 | Sep.14 | Sept 7 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 4.03 | 3.95 | 3.86 | 3.75 |

| | Sept 26 | Sep.19 | Sept12 | year ago (approx.) |
|---|---|---|---|---|
| S & P Industrial div. yield | 3.49 | 3.29 | 3.28 | 2.76 |
| S & P Indl. P/E ratio | 14.55 | 15.12 | 15.44 | 14.35 |

### NEW YORK ACTIVE STOCKS

| Thursday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Citicorp | 4,244,900 | 13⅛ | -⅛ |
| Gen. Electric | 3,258,300 | 51⅝ | -3⅛ |
| Boeing | 2,546,200 | 39⅝ | -1⅛ |
| Unisys | 2,281,500 | 5⅞ | -1⅛ |
| Sec. Pacific | 2,182,900 | 19⅛ | -1⅛ |
| Contl. Bank | 2,106,200 | 7⅞ | -⅝ |
| MCA | 2,061,900 | 59 | -2⅛ |
| BankAmerica | 2,010,000 | 19⅛ | -⅛ |
| Can. Pacific | 1,995,800 | 15⅛ | — |
| Philip Morris | 1,952,600 | 44 | -⅝ |

### TRADING ACTIVITY

| † Volume (Millions) | Sept. 27 | Sept. 26 | Sept. 25 |
|---|---|---|---|
| New York | 182.690 | 157.480 | 156.876 |
| Amex | 12.826 | 9.722 | 10.989 |
| NASDAQ | 153.277 | 118.712 | 109.930 |
| Issues Traded | 1.992 | 1.987 | 1.976 |
| Rises | 398 | 421 | 764 |
| Falls | 1.191 | 1.118 | 746 |
| Unchanged | 403 | 448 | 466 |
| New Highs | 1 | 2 | 5 |
| New Lows | 411 | 310 | 314 |

### CANADA

| TORONTO | Sept 27 | Sept 26 | Sept 25 | Sept 24 | 1990 HIGH | 1990 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 2868.40 | 2873.50 | 2900.70 | 2904.20 | 3453.05 (4/1) | 2850.80 (23/4) |
| Composite | 3161.49 | 3181.48 | 3205.85 | 3227.10 | 4009.47 (3/1) | 3161.49 (27/9) |
| MONTREAL Portfolio | 1670.81 | 1681.40 | 1691.99 | 1695.92 | 2060.90 (3/1) | 1670.81 (27/9) |

Base values of all Indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

| | Sept. 28 | Sept. 27 | Sept. 26 | Sept. 25 | 1990 HIGH | 1990 LOW |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ordinaries (1/1/80) | 1398.3 | 1393.6 | 1385.7 | 1393.8 | 1713.7 (12/7) | 1385.7 (26/9) |
| All Mining (1/1/80) | 705.4 | 705.1 | 701.1 | 700.1 | 860.6 (5/1) | 700.1 (25/9) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (30/12/84) | 401.75 | 404.58 | 407.26 | 400.98 | 703.29 (19/3) | 400.98 (25/9) |
| **BELGIUM** | | | | | | |
| Brussels SE (Cash Mkt) (1/1/80) | 5007.86 | 4997.61 | 4967.11 | 4959.99 | 6579.43 (12/7) | 4959.99 (25/9) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | 331.69 | 331.41 | 332.25 | 331.85 | 388.29 (20/7) | 331.41 (27/9) |
| **FINLAND** | | | | | | |
| Unitas General (1975) | 428.8 | 428.4 | 425.8 | 427.1 | 677.3 (23/7) | 425.8 (26/9) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 415.32 | 413.09 | 410.18 | 414.27 | 564.62 (30/5) | 410.18 (26/9) |
| CAC 40 (31/12/87) | 1491.76 | 1523.95 | 1499.17 | 1485.39 | 2129.32 (20/4) | 1485.39 (25/9) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 569.69 | 575.44 | 586.55 | 583.33 | 832.32 (19/7) | 569.69 (28/9) |
| Commerzbank (1/12/53) | 1628.7 | 1704.8 | 1681.1 | 1670.4 | 2414.0 (3/4) | 1628.7 (28/9) |
| DAX (30/12/87) | 1334.89 | 1354.08 | 1381.99 | 1353.40 | 1966.55 (30/3) | 1334.89 (28/9) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 2760.82 | 2767.95 | 2778.74 | 2807.50 | 3559.89 (23/7) | 2738.24 (1/2) |
| **IRELAND** | | | | | | |
| ISEQ Overall (4/1/88) | 1208.12 | 1223.45 | 1217.77 | 1230.28 | 1893.10 (22/2) | 1208.12 (28/9) |
| **ITALY** | | | | | | |
| Banca Com. Ital. (1972) | 557.57 | 562.86 | 555.71 | 554.30 | 763.52 (14/5) | 554.30 (25/9) |
| **JAPAN** | | | | | | |
| Nikkei (16/5/49) | 20983.50 | 21771.91 | 22250.62 | 23059.32 | 38712.88 (4/1) | 20983.50 (28/9) |
| Tokyo SE (Topix) (4/1/68) | 1570.95 | 1620.26 | 1651.44 | 1719.36 | 2867.70 (4/1) | 1570.95 (28/9) |
| 2nd Section (4/1/68) | 2972.46 | 3094.91 | 3194.45 | 3280.17 | 4477.16 (16/7) | 2972.46 (28/9) |
| **MALAYSIA** | | | | | | |
| KLSE Composite (4/4/86) | 459.08 | 469.84 | 473.88 | 484.43 | 632.22 (1/8) | 459.08 (28/9) |
| **NETHERLANDS** | | | | | | |
| CBS Ttl.Rtn.Gen.(End 1983) | 228.2 | 231.5 | 232.2 | 232.4 | 271.9 (20/7) | 228.2 (28/9) |
| CBS All Shr (End 1983) | 167.6 | 170.0 | 170.5 | 170.7 | 206.3 (3/7) | 167.6 (28/9) |
| **NORWAY** | | | | | | |
| Oslo SE (Ind) (2/1/83) | 787.32 | 796.24 | 814.48 | 828.99 | 925.13 (2/8) | 781.67 (2/1) |
| **PHILIPPINES** | | | | | | |
| Manila Comp (2/1/85) | 546.55 | 544.02 | 551.75 | 567.11 | 1168.70 (21/3) | 544.02 (27/9) |
| **SINGAPORE** | | | | | | |
| SES All-Singapore (2/4/75) | 307.36 | 308.13 | 311.17 | 315.18 | 446.87 (16/7) | 307.36 (28/9) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | 1603.0 | 1602.0 | 1583.0 | 1582.0 | 2230.0 (16/1) | 1322.0 (20/6) |
| JSE Industrial (28/9/78) | 2660.0 | 2719.0 | 2685.0 | 2663.0 | 3211.0 (6/2) | 2660.0 (28/9) |
| **SOUTH KOREA**** | | | | | | |
| Korea Comp Ex. (4/1/80) | 597.67 | 595.46 | 594.04 | 593.77 | 928.82 (4/1) | 566.27 (17/9) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 209.37 | 212.04 | 209.58 | 210.41 | 300.74 (16/7) | 209.37 (28/9) |
| **SWEDEN** | | | | | | |
| Affarsvarlden Gen. (1/2/37) | 918.5 | 945.4 | 971.4 | 994.1 | 1529.9 (5/7) | 918.5 (28/9) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Ind. (31/12/58) | 613.4 | 625.3 | 621.6 | 620.2 | 845.5 (13/7) | 613.4 (28/9) |
| **TAIWAN**** | | | | | | |
| Weighted Price (30/6/66) | (c) | 2785.82 | 2596.79 | 2701.84 | 12495.34 (10/2) | 2596.79 (26/9) |
| **THAILAND** | | | | | | |
| Bangkok SET (30/4/75) | 641.56 | 630.15 | 625.06 | 613.95 | 1143.78 (25/7) | 613.95 (25/9) |
| **WORLD** | | | | | | |
| M.S. Capital Intl (1/1/70) | (u) | 425.2 | 429.1 | 437.4 | 571.0 (4/1) | 425.2 (27/9) |

**Saturday September 22: Taiwan Weighted Price: 2998.38, Korea Comp Ex. 584.94

‡ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

# WORLD STOCK MARKETS

AMERICA

## Hopes of budget compromise help Dow to rebound

### Wall Street

AFTER the substantial losses scored throughout much of the current week and further sharp mark-downs at yesterday's opening, share prices on Wall Street had begun to rally during the morning session, *writes Nikki Tait in New York.*

Sentiment was cheered partly by hopes of a budget compromise in Washington, ahead of the mandatory spending cuts due to come into force on October 1, and by some easing in crude oil futures.

The Dow Jones Industrial Average was down 7.68 at 2,419.80 by 1.30 pm, after a hefty fall in the first hour's trading. When trading opened, the index stood almost 33 points below Thursday's close of 2,427.48 – the lowest closing level for 16 months. The heavy tumble overnight in Tokyo depressed sentiment and, at 10 am, the DJIA's loss had extended to almost 45 points.

The August leading indicator statistics, released before the market opened, offered few surprises. The total index showed a fall of 1.2 per cent – against expectations pitched around the 1 per cent mark – and the data for June and July undergoing no revisions. Contributing to the August decrease were the fall in stock prices, the weakness in consumer expectations and declining plant and equipment orders, while a gain in orders for consumer goods, and a rise in the average working week chipped in on the plus side.

So, as the morning wore on, a rally – at times hesitant and marked by patchy trading – began to get under way. A good deal of interest was focused on Washington, where hopes of a budget accord before the deadline for mandatory spending cuts comes into force, were rising. That, in turn, helped to deflect the market's attention from the Persian Gulf crisis.

Well to the fore during the morning's recuperative period were bank stocks, many of which had suffered badly during some of the week's earlier trading sessions. Among the money centre banks leading the rally were Citicorp, up $⅞ at $14, and Chase Manhattan, up $½ at $11½.

Shares in UAL also rallied $5¼ to $95¾ on reports that Mr Martin Davis, the Los Angeles investor, had offered to help United Airlines employees acquire the carrier if their current attempt to complete a buy-out failed. The buy-out group said that it had received a letter from Mr Davis, offering to provide as much as $750m in equity in the event of a joint bid. The investor also suggested giving the employees the right to buy out his position after two years.

The news, however, was less encouraging at Sun Microsystems. Shares in the over-the-counter traded company tumbled $4¾ to $21¾, after one leading analyst cut sales and profit estimates for the company's first quarter, and for the current year to end-June.

### Canada

TORONTO stocks recovered slightly from early losses after the price of oil futures dropped. Window-dressing on the last day of the quarter and some bargain-hunting after several successive sessions of losses also boosted the market. The composite index dropped 5.1 to 3,156.4 on volume of 12.7m shares, with declines leading advances by 249 to 131.

Trizec Corp class A shares fell C$⅛ to C$11¼ after the company reported a drop in nine-month earnings to a loss of 3.9 cents a share from a gain of 28.4 cents, mainly due to a charge of C$48.9m for a drop in the value of land acquired by its subsidiary, Bramalea.

### SOUTH AFRICA

GOLD SHARES closed firm while other sectors were hampered by a firmer financial rand. The all-gold index closed one better at 1,603, but the industrial index fell 59 to 2,659 and the all-share index dropped 51 to 2,744.

## West German utilities lose their defensive image

**William Cochrane on the high costs and risks involved in taking over East Germany's power industry**

ALONG WITH retailers, public utilities have been recommended for their defensive qualities since the Iraqi invasion of Kuwait and the sharp stock market downturn which followed. In West Germany, however, perception of the investment opportunities offered by reunification have moved from "Ostphantasie" and euphoria to a nervous appreciation of the risks involved.

A controversial deal under which three big West German utilities sought to take over East Germany's electricity industry was finally settled a little over a month ago, when West Germany's Federal Cartel Office approved revised terms allowing for competition in the power network.

The three majors – RWE, PreussenElektra of the Veba group, and Bayernwerk (39 per cent owned by Viag) – had to settle for a joint company owning up to 75 per cent of East German electricity concerns. The other 25 per cent will be shared between five smaller West German utilities. However, other European producers, such as the state-owned Electricité de France, could take up to 15 per cent at the expense of the German majors or their smaller brethren.

Total investment costs have been estimated at between DM30bn and DM50bn ($19bn to $32bn) over roughly six years, with contributions per company corresponding to the size of its stake. In the recent state of the market, however, what was previously regarded as a once in a lifetime opportunity has given utility shares some uncertain days.

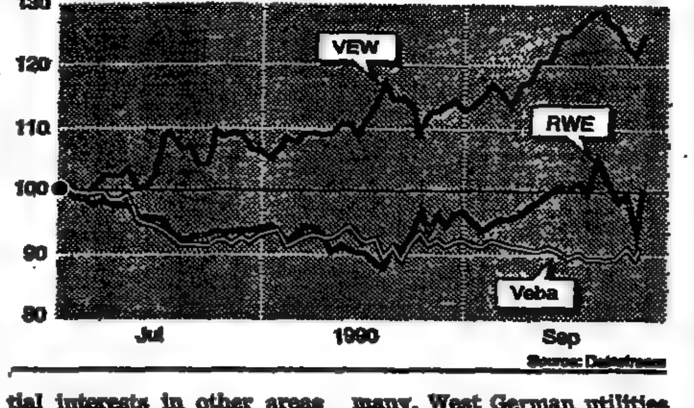
There are still bulls of the sector. "Are West German utilities about to pour DM30bn down the East German drain? This report suggests otherwise," says Mr Michael Crawshaw of County NatWest, who has analysed the takeover of East German electricity and measured the sensitivity of utility earnings to oil prices.

County's model of the East German electricity industry suggests:

- a projected return on investment in the industry of 12 per cent by 1997;
- net earnings of DM1bn per annum after 1998;
- that initial losses will peak at DM1.2bn in 1993;
- and that higher oil prices will not hurt the earnings of German electricity utilities, except in one case.

For stock market purposes, there are two distinct groupings of utilities in West Germany. First, there are the "pure" utilities such as Badenwerk, Bewag, HEW AND VEW, which operate almost exclusively in the power business; second, there are the industrial holding utilities, RWE, Veba and Viag, which have substantial interests in other areas such as engineering, chemicals, oil, aluminium and so on.

Share prices relative to the FAZ index




Source: Datastream

Traditionally, says Mr Crawshaw, the "pure" utilities have traded at a yield premium to the market of 50 to 100 per cent, on a price/earnings ratio discount of about 20 per cent. "Recently", he adds, "they have moved to p/e premiums in the expectation that earnings and dividends will start to rise appreciably now the expense on environmental measures is largely behind them."

In addition to the spending that they face in East Germany, West German utilities have spent DM23bn on cleaning up their own power stations over the last few years.

Since the end of June VEW has risen by more than 20 per cent relative to the market, and HEW by 15 per cent. Badenwerk has fallen in line with the bulk of equities and Bewag's defensive utility attributes have been lessened by its exposure to higher oil prices; 35 per cent of its electricity is generated in oil-fired stations.

The holding utilities achieved all, or the bulk, of their rerating against the market in the period from November 1989 to February of this year. However, two of them, RWE and Viag, have enjoyed a relative renaissance during the Gulf crisis, for separate reasons.

RWE has recovered a distinct fall against the market as dealers and investors have focused on its defensive qualities, which include net cash of DM6bn, free cash flows of DM3.3bn and the ability, comfortably, to fund estimated investments of DM1bn to DM1.5bn a year in East Germany. Stable domestic earnings are a concomitant of its anti-cyclical appeal.

Viag, normally, would have fallen by more than the market, given the cyclical nature of its aluminium and trading operations. But aluminium prices have actually risen because of the Gulf crisis, and the stock has recovered.

Veba has fallen sharply against the market since its relative peak in February. In a study on the company, Mr Andrew Thomson of Kleinwort Benson says that 1990 earnings will be held back by weaker performances from the chemicals division and the petrochemicals operations in the oil division. The tax rate, also, is likely to be higher because of the full charge which will be applied to the profits on the sale of Veba's 50 per cent of Feldmühle Nobel to Stora Kopperberg of Sweden.

Kleinwort's view is that Veba is the most tightly organised of the large quoted German utility companies, and it regards the participation in the East German electricity industry as a "unique opportunity" to devote a substantial portion of group funds to expanding the core business rather than diversifying.

For his part, Mr Crawshaw calculates that the 35 per cent of Veba's earnings which come predominantly from bulk chemicals could be wiped out completely by oil price inflation, but adds that Veba's own oil division, Deminex, could produce additional net earnings in 1992 sufficient to compensate for the chemicals collapse. This may be a measure of the balance between risk and reward which investors in West German stocks, currently, are willing to accept.

ASIA PACIFIC

## Nikkei plunges 3.6% to lowest level since March '87

### Tokyo

SHARE PRICES in Tokyo fell sharply again, for a loss of 11.8 per cent on the week, as selling from individual investors facing additional margin calls swept through the market. The Nikkei index lost more than 1,000 points at one stage yesterday, before closing at a level last seen more than three and a half years ago, *writes Michiyo Nakamoto in Tokyo.*

The mood on the market turned from despondency to near-panic, as individuals stepped up their selling in a desperate bid to meet increasing margin calls. After opening lower, the Nikkei extended its losses in the morning and then fell 1,110 in mid-afternoon to a low of 20,671.01.

Later, buying by dealers and investment trusts provided some support, and the Nikkei ended the day with a loss of 788.41 or 3.6 per cent to 20,983.50. This was lower than its level after the world stock markets crash on Black Monday, in October 1987, and was closer to the level seen in March of that year.

The market was jittery, after rumours that hostilities had broken out in the Middle East. Visions of war and yet higher crude oil prices increased concern about inflation and rising interest rates.

The leading securities houses tried to support the index by buying baskets of shares included in the Nikkei index, but this was not enough to wipe out losses.

Volume shrank to 450m shares from Thursday's 480m. Selling was not aggressive, and share prices fell largely due to a lack of buyers. The morning session ended with many sell offers left unexecuted.

The day's high on the Nikkei was 21,756.20. Declines outpaced advances by 745 to 75, and 64 issues were unchanged. Only 77 per cent of issues on the first section were traded.

The Topix index of all listed shares fell 49.31 to 1,570.95 and, in London trading, the ISE/Nikkei 50 index dropped 18.37 to 1,195.32.

The one glimmer of hope in Tokyo was the relative firmness of the bond market. "That yesterday's fall was limited to the stock market is an encouraging sign," said Mr Shigeru Akiba at UBS Phillips & Drew.

Blue chip electricals suffered substantial declines. The downturn of the US economy was expected to have an adverse effect on many companies with high export ratios. Hitachi dropped Y30 to Y1,140 and Toshiba lost Y44 to Y734.

Matsushita Electric, which recently announced it was negotiating to buy MCA, the US entertainment group, gained Y70 to Y1,650.

In Osaka, the OSE average went into freefall, losing 1,297.79 to 23,701.05. This was comparable to its level in February, 1988. Turnover was up from Thursday's 99.5m to 366.6m shares, the eighth largest volume ever in Osaka.

### Roundup

PACIFIC Rim markets ended mixed after a hard week dominated by Tokyo's drop. Taiwan was closed.

NEW ZEALAND halted a series of eight consecutive falls, largely aided by window dressing at the close of the fiscal quarter. The Barclays Index rose 13.22 to 1,469.30, down 2.7 per cent on the week. Turnover rose to NZ$15.7m from NZ$9.8m. Brierley Investments eased 1 cent to NZ$1.34 after reporting a 10 per cent rise in annual profits on Thursday.

AUSTRALIA firmed marginally in trading dominated by options and futures. The All Ordinaries index rose 4.7 to 1,398.3, down 2.4 per cent on the week. Turnover grew to A$299m from A$260m. News Corp was still weak, falling 30 cents to A$7.50.

HONG KONG ended lower, although a late bout of short-covering wiped out most of the day's losses. The Hang Seng index fell 7.13 to 2,760.82, a drop of 5.8 per cent on the week. Turnover rose to HK$809m from HK$560m.

SEOUL rose thanks to active buying by the stabilisation fund and investment trust companies. The composite index rose 4.22 to 597.87 in volume of Won80.4bn.

SINGAPORE fell as foreigners continued to repatriate funds. The Straits Times Industrial index lost 8.37 to 1,098.68, down 4.4 per cent on the week.

KUALA LUMPUR's composite index lost 10.76 to 459.06, the lowest level since October 1989.

MANILA finished narrowly mixed. The composite index rose 2.53 to 546.55, but was down 12.8 per cent on the week.

BANGKOK ignored steep losses in Tokyo to close higher for the second straight day on active bargain-hunting. The SET index rose 11.41 to 841.58, up 0.5 per cent on the week.

EUROPE

## Stockholm leads another bourse retreat

CONTINENTAL bourses ended a difficult week at or near their lows for the year, and showing no signs of a recovery, *writes Our Markets Staff.*

STOCKHOLM fell to its lowest level since October 1988 as the suspension this week of the shares in six finance companies added to the market's woes. The Affärsvärlden General index fell 35.4 or 3.7 per cent to 910.0, a drop of 14.3 per cent over the week.

Also weighing on prices was the news that the Allemansfonder, the popular mutual investment funds, showed a net withdrawal of SKr47.1m in August, the first net withdrawal ever, compared with a net deposit of SKr266.1m in July.

FRANKFURT finished at a 1990 low: the FAZ index, calculated at midsession, dropped 25.75 or 4.3 per cent to 569.69, for a fall of 6.8 per cent on the week; while the DAX real-time index ended 19.19 or 1.4 per cent lower at 1,334.89, after recovering from 1,320.43, for a weekly loss of 7.8 per cent. Turnover slipped to DM4.7bn from DM4.9bn in trade dominated by professionals.

Automobile, steel and chemical shares came under pressure after the release on Thursday of earnings outlooks from Degab, the research arm of Deutsche Bank. The report said that chemical earnings would fall 6 per cent in 1990 and recover only 2 per cent in 1991. For autos, earnings on average were expected to rise 2 per cent in 1990 and fall 2 per cent in 1991. And after several good years, the steel industry was expected to lose 7 per cent in 1990 and 12 per cent in 1991.

On a brighter note, Dresdner Bank said German shares were now valued at unrealistically low levels, leaving room for a strong recovery.

PARIS was discouraged by the fall in Tokyo and the opening decline on Wall Street. The CAC 40 index dropped 32.19 or 2.1 per cent to 1,491.76, a loss during the week of 3.4 per cent. The index recovered from a day's low of 1,475.65.

Trading related to the expiry of stock index futures boosted the otherwise thin turnover.

The banking sector was weak after Thursday's half-year results from Paribas, which warned that, although it would show profits growth in 1990, there would be some dilution in earnings per share. Paribas plunged FFr27 or 5.9 per cent to FFr430 and Société Générale, which reports results next week, fell FFr24 to FFr374.

Pernod-Ricard fell FFr41 to FFr995 after announcing a fall in first-half profits, and Source Perrier shed FFr54 to FFr1,050.

MILAN fell after the poor interim results from Fiat and Olivetti, released late on Thursday. Fiat fell L87 to L6,140 and slipped to L6,125 after hours.

Rumours that Lombardfin, a local broker which has been in dire straits for the last few months, would be unable to meet its margin requirements yesterday, the last day to settle September accounts, also hurt the market. The Comit index fell 5.31 to 557.57, down 0.85 per cent on the week.

News that the Government had passed the capital gains tax of 20 per cent for investments held for up to 18 months, below expectations of 25 per cent, came after the market closed.

Issues of the Ferruzzi group fell after Thursday's news that Montedison was planning a capital increase of up to L2.5 trillion for the possible acquisition of Enimont. Montedison fell L52 to L1,147.

AMSTERDAM closed off the day's lows, with the CBS Tendency index down 1.7 at 92.4, up from 91.6, giving a weekly fall of 5.3 per cent.

Blue chips declined, with Philips hitting a 10-year low of Fl 21 before ending down 60 cents at Fl 21.20. Rodamco, which stunned the market this week with its decision to stop buying in its own shares, lost Fl 1.70 to Fl 58.50.

ZURICH declined in nervous trading as month-end factors prompted many players to remain on the sidelines or liquidate positions. The Crédit Suisse index fell 10.9 to 479.1, for a fall of 6.5 per cent on the week. MADRID's general index extended its morning falls to close 2.67 lower at 209.37, a loss on the week of 5.3 per cent.

BRUSSELS finished mixed to lower in moderate trading. The cash market index eased 0.45 to 5,007.06, a fall on the week of 2.1 per cent. Wagons-Lits, the travel group, gained BFr550 to BFr6,750 after announcing that it was seeking greater co-operation with leading shareholders. Solvay, the chemicals company, lost BFr60 to BFr9,390 after its results on Thursday.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | THURSDAY SEPTEMBER 27 1990 | | | | | | | | WEDNESDAY SEPTEMBER 26 1990 | | | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of lines of stock | US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | 1990 High | 1990 Low | Year ago (approx) |
| Australia (79) | 135.45 | +0.4 | 107.28 | 118.41 | 110.56 | 108.92 | +0.9 | 7.00 | 134.92 | 107.31 | 117.01 | 110.27 | 107.95 | 158.31 | 125.85 | 158.48 |
| Austria (19) | 180.37 | +0.0 | 142.85 | 157.69 | 147.23 | 147.04 | +0.1 | 1.86 | 180.32 | 143.42 | 156.39 | 147.37 | 146.90 | 285.83 | 178.57 | 160.84 |
| Belgium (61) | 127.20 | +0.3 | 100.74 | 111.19 | 103.82 | 101.47 | +0.6 | 5.71 | 126.82 | 100.87 | 109.98 | 103.64 | 100.86 | 160.02 | 126.87 | 143.95 |
| Canada (119) | 127.58 | −0.7 | 101.04 | 111.53 | 104.13 | 106.70 | −0.8 | 3.76 | 128.50 | 102.21 | 111.44 | 105.02 | 107.34 | 153.61 | 127.58 | 149.40 |
| Denmark (33) | 234.05 | −0.6 | 185.37 | 204.62 | 191.04 | 190.75 | −0.6 | 1.55 | 235.36 | 187.20 | 204.13 | 192.38 | 191.91 | 277.82 | 234.05 | 198.47 |
| Finland (26) | 104.54 | +1.1 | 82.80 | 91.40 | 85.33 | 81.56 | +0.8 | 3.36 | 103.45 | 82.27 | 89.71 | 84.54 | 80.90 | 152.29 | 103.43 | 128.14 |
| France (122) | 126.57 | +1.3 | 100.25 | 110.65 | 103.31 | 104.34 | +1.1 | 3.93 | 124.95 | 99.40 | 108.38 | 102.13 | 103.17 | 168.55 | 124.98 | 139.57 |
| West Germany (92) | 105.67 | +1.6 | 83.69 | 92.39 | 86.25 | 86.25 | +1.5 | 2.60 | 104.02 | 82.74 | 90.23 | 85.01 | 85.01 | 144.63 | 103.85 | 101.09 |
| Hong Kong (48) | 112.99 | −0.1 | 89.49 | 98.78 | 92.23 | 112.56 | −0.1 | 5.82 | 113.10 | 89.96 | 98.08 | 92.44 | 112.68 | 147.49 | 112.24 | 116.82 |
| Ireland (17) | 139.61 | +0.4 | 110.57 | 122.05 | 113.95 | 115.10 | +0.5 | 4.64 | 139.04 | 110.59 | 120.58 | 113.63 | 114.57 | 198.57 | 139.04 | 160.25 |
| Italy (94) | 82.04 | +1.4 | 64.97 | 71.72 | 66.96 | 72.02 | +1.4 | 3.31 | 80.87 | 64.32 | 70.13 | 66.09 | 71.03 | 109.26 | 80.87 | 94.95 |
| Japan (454) | 111.34 | −2.4 | 88.18 | 97.34 | 90.89 | 97.34 | −1.6 | 0.87 | 114.09 | 90.74 | 98.94 | 93.25 | 98.94 | 197.26 | 111.34 | 190.70 |
| Malaysia (35) | 186.91 | −0.8 | 148.03 | 163.39 | 152.56 | 194.36 | −0.8 | 3.14 | 188.39 | 149.84 | 163.38 | 153.98 | 195.94 | 250.89 | 186.91 | 203.30 |
| Mexico (13) | 491.92 | −1.6 | 389.59 | 430.04 | 401.52 | 1558.38 | −1.5 | 0.33 | 499.68 | 397.43 | 433.35 | 408.38 | 1581.87 | 561.41 | 324.53 | 310.81 |
| Netherland (42) | 128.96 | −0.3 | 102.13 | 112.74 | 105.26 | 104.21 | −0.3 | 5.46 | 129.29 | 102.84 | 112.13 | 105.67 | 104.57 | 149.03 | 128.98 | 129.99 |
| New Zealand (16) | 55.62 | −2.1 | 44.05 | 48.62 | 45.40 | 47.93 | −1.6 | 7.25 | 56.79 | 45.17 | 49.25 | 46.41 | 48.72 | 75.36 | 55.62 | 82.65 |
| Norway (23) | 243.92 | −2.6 | 193.18 | 213.24 | 199.10 | 200.97 | −2.6 | 1.58 | 250.22 | 199.02 | 217.01 | 204.51 | 206.41 | 278.79 | 202.34 | 188.44 |
| Singapore (26) | 148.90 | −0.8 | 117.93 | 130.17 | 121.54 | 120.94 | −1.0 | 3.45 | 150.06 | 119.36 | 130.14 | 122.64 | 122.12 | 209.24 | 148.90 | 162.82 |
| South Africa (60) | 168.02 | −0.2 | 133.07 | 146.89 | 137.14 | 143.19 | +0.6 | 4.05 | 168.32 | 133.88 | 145.97 | 137.56 | 142.34 | 251.39 | 163.80 | 158.34 |
| Spain (42) | 130.03 | +0.9 | 102.98 | 113.68 | 106.14 | 98.79 | +1.0 | 5.69 | 128.85 | 102.48 | 111.75 | 105.30 | 95.81 | 182.25 | 128.85 | 169.70 |
| Sweden (34) | 164.29 | −2.1 | 130.11 | 143.63 | 134.10 | 140.39 | −2.1 | 2.86 | 167.80 | 133.47 | 145.53 | 137.14 | 143.33 | 234.98 | 164.29 | 180.80 |
| Switzerland (65) | 86.65 | +1.3 | 68.63 | 75.76 | 70.74 | 70.21 | +1.0 | 3.02 | 85.58 | 68.05 | 74.21 | 69.94 | 69.54 | 109.77 | 85.56 | 91.01 |
| United Kingdom (300) | 150.02 | +0.9 | 118.81 | 131.14 | 122.44 | 118.81 | +0.5 | 5.86 | 148.64 | 118.22 | 128.90 | 121.47 | 118.22 | 176.18 | 139.87 | 151.82 |
| USA (534) | 121.30 | −1.4 | 96.07 | 106.05 | 99.01 | 121.30 | −1.4 | 4.08 | 123.01 | 97.84 | 106.69 | 100.54 | 123.01 | 148.95 | 121.30 | 141.71 |
| Europe (970) | 126.62 | +0.9 | 100.28 | 110.69 | 103.36 | 101.82 | +0.7 | 4.57 | 125.45 | 99.78 | 108.80 | 102.53 | 101.12 | 167.85 | 125.45 | 131.34 |
| Nordic (119) | 174.91 | −1.4 | 138.53 | 152.91 | 142.77 | 140.12 | −1.4 | 2.17 | 177.39 | 141.09 | 153.84 | 144.98 | 142.15 | 223.29 | 174.91 | 167.21 |
| Pacific Basin (657) | 112.19 | −2.2 | 88.85 | 98.08 | 91.57 | 98.12 | −1.5 | 1.39 | 114.72 | 91.24 | 99.49 | 93.76 | 99.58 | 192.75 | 112.19 | 186.45 |
| Euro–Pacific (1627) | 118.37 | −0.9 | 93.75 | 103.48 | 96.62 | 100.39 | −0.5 | 2.74 | 119.40 | 94.97 | 103.54 | 97.58 | 100.94 | 174.18 | 118.37 | 164.51 |
| North America (653) | 121.59 | −1.4 | 96.30 | 106.31 | 99.27 | 120.38 | −1.3 | 4.04 | 123.26 | 98.04 | 106.91 | 100.76 | 122.02 | 148.48 | 121.59 | 142.07 |
| Europe Ex. UK (670) | 111.87 | +0.9 | 88.60 | 97.82 | 91.33 | 91.63 | +0.8 | 3.64 | 110.84 | 88.16 | 96.14 | 90.61 | 90.87 | 145.62 | 110.84 | 117.94 |
| Pacific Ex. Japan (203) | 121.42 | +0.0 | 96.16 | 106.16 | 99.12 | 104.46 | +0.3 | 6.25 | 121.43 | 96.58 | 105.33 | 99.25 | 104.21 | 146.72 | 121.42 | 135.37 |
| World Ex. US (1819) | 119.39 | −0.8 | 94.56 | 104.38 | 97.45 | 101.41 | −0.5 | 2.79 | 120.41 | 95.77 | 104.43 | 98.41 | 101.94 | 173.77 | 119.39 | 164.08 |
| World Ex. UK (2053) | 116.08 | −1.3 | 91.94 | 101.49 | 94.76 | 106.44 | −1.0 | 2.90 | 117.59 | 93.53 | 101.99 | 96.12 | 107.51 | 162.00 | 116.08 | 155.31 |
| World Ex. So. Af. (2293) | 118.80 | −1.0 | 94.09 | 103.87 | 96.98 | 107.43 | −0.8 | 3.23 | 120.06 | 95.49 | 104.13 | 98.13 | 108.34 | 161.84 | 118.80 | 154.86 |
| World Ex. Japan (1899) | 124.31 | −0.4 | 98.45 | 108.68 | 101.48 | 113.27 | −0.5 | 4.33 | 124.80 | 99.26 | 108.24 | 102.01 | 113.79 | 151.59 | 124.31 | 138.12 |
| The World Index (2353) | 119.10 | −1.0 | 94.32 | 104.12 | 97.22 | 107.67 | −0.8 | 3.23 | 120.35 | 95.72 | 104.38 | 98.37 | 108.57 | 182.05 | 119.10 | 154.98 |



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## LONDON SHARE SERVICE

### BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

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### BRITISH FUNDS—Contd

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# LONDON SHARE SERVICE

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## BANKS, HP & LEASING

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| £13¼ | £9½ | ABN Amro Fl5 | £9⅞ | ..... | Q28% | 2.1 | 8.6 | 5.4 |
| 303 | 176 | ANZ SA1 | 176 | –3 | 44c | 1.4 | 10.7 | 6.6 |
| 229 | 172 | Abbey National 10p | 196 | –2½ | 5.7 | 4.3 | 3.9 | 7.9 |
| *274 | 134 | Allied Irish Ord. | 134 | –4 | Q40% | 3.3 | 6.7 | 6.1 |
| 85 | 48 | Anglo Irish | 48 | –2 | †Q18.7% | 2.7 | 8.7 | 6.9 |
| 93 | 61 | Ansbacher (H.) 1p | 61 | ..... | 2.5 | 1.3 | 5.5 | 17.6 |
| £71¾ | £32¾ | Bancaire Cie Fr100 | £34½ | –⅛ | Q12¼% | – | 3.8 | – |
| £22¼ | £13¾ | Banco Bilbao Viz. | £14 | ..... | Q49.1% | 2.7 | 5.7 | 9.6 |
| 286 | 137 | Bank Ireland Ir£1 | 137 | –5 | Q14.7% | 2.9 | 9.6 | 4.8 |
| £19½ | £18 | Bank Leumi | £19½ | ..... | – | – | – | – |
| 351 | 320 | Bank Leumi (U.K.) | 350 | ..... | †15.0 | – | 5.7 | – |
| 125 | 100 | Bank Scotland | 103 | –½ | 4.55 | 3.3 | 5.9 | 6.8 |
| 100¼ | 83¼ | Do. 9¼pc Irrd Pf. | 95½ | ..... | 9¼% | – | 12.9 | – |
| 54 | 39 | Bank of Wales | 42 | ..... | 2.8 | 0.8 | 8.9 | (20.2) |
| 428 | 290 | Barclays £1 | 310 | –1 | †h19.57 | 3.5 | 8.4 | 4.3 |
| 22 | 11 | Beachmark 20p | 11 | ..... | 0.75 | ◆ | 9.1 | ◆ |
| 335 | 240 | Brown Shipley £1 | 240 | ..... | 12.0 | 2.2 | 6.7 | 7.8 |
| *435 | 286 | Cater Allen £1 | 286 | –5 | N24.5 | – | 11.4 | – |
| 179 | 49 | Chancery | 49 | –1 | 9.0 | 2.7 | 24.5 | 2.0 |
| £23¼ | £15¼ | Commerzbk DM10 | £15¼ | ..... | Q18% | – | 4.1 | – |
| £13¼ | 620 | Dai Ichi KBk Y50 | 628 | +1 | Q17% | 6.2 | 0.5 | 31.8 |
| *£313½ | £194⅝ | Deutsche Bk DM50 | £194⅝ | –10¼ | Q28% | – | 2.9 | – |
| £20⅞ | £14⅝ | Espirito Santo | £15 | +⅛ | Q75c | 5.1 | 2.7 | 7.3 |
| 253 | 166 | First Nat. Fin. 10p | 166 | –2 | 13.0 | 2.1 | 10.4 | 5.7 |
| 121 | 82 | FNFC 6.3pc Cv. Pf | 83 | +1 | 6.3% | – | 10.1 | – |
| £13¼ | 633 | Fuji Bank Y50 | 633 | –84 | Q17% | ◆ | 0.5 | ◆ |
| 325 | 262 | Gerrard & National | 268 | –4 | 19.0 | – | 9.5 | – |
| 154 | 103 | Guinness Mahon 10p | 103 | –4 | 2.1 | – | 2.7 | – |
| 328 | 194 | Hambros 20p | 199 | –5 | 11.5 | – | 7.7 | – |
| 128 | 88 | Do. 7.5pc Cv Pf. | 88 | –1 | 7½% | – | 11.4 | – |
| 53½ | 32½ | HK & Shang. HK$2.50 | 33 | ..... | †tQ38c | – | 7.7 | – |
| 478 | 393 | Joseph (Leo) £1 | 393 | ..... | 15.85 | – | 5.4 | – |
| 150 | 105 | King & Shaxson 20p | 105 | ..... | 10.25 | – | 13.0 | – |
| 422 | 262 | Kleinwort Benson Grp. | 277 | ..... | 16.0 | 2.5 | 7.7 | 6.6 |
| 642 | 318 | Kyowa Bank Y50 | 318 | –5 | Q14% | ◆ | 0.9 | ◆ |
| 316 | 222 | Lloyds £1 | 240 | –4 | †13.3 | 2.6 | 7.4 | 5.6 |
| 56 | 44 | Lon. Scot. Bank 10p | 46 | ..... | †2.4 | 1.9 | 7.0 | 9.1 |
| 404 | 192 | Midland £1 | 195 | –4 | †18.0 | 2.6 | 12.3 | 4.0 |
| £14½ | £10⅞ | Mitsubishi Bank Y50 | £10⅞ | ..... | Q17% | ◆ | 0.3 | ◆ |
| £12¾ | £4⁷⁄₁₆ | Mitsubishi Tst & Bk Y50 | £4½ | +¹⁄₁₆ | Q17% | 12.4 | 0.7 | 11.5 |
| £10⅝ | £4⅝ | Mitsui Taiyo Kobe Y50 | £4⅝ | ..... | †Q16% | 6.0 | 0.6 | 27.1 |
| 904 | 416 | Mitsui Tst & Bk Y50 | 433 | +17 | Q17% | ◆ | 0.7 | ◆ |
| 326 | 251 | Nat. Aust. Bk. A$1 | 255 | –2 | sQ50c | 1.6 | 8.4 | 7.4 |
| 368 | 227 | NatWest £1 | 234 | ..... | †16.7 | 3.3 | 9.5 | 4.3 |
| £210 | £120 | Ottoman Bank | £135 | ..... | Q110% | 2.8 | 8.1 | 4.4 |
| 55 | 30 | Rea Bros. Group | 30 | ..... | 0.5 | 3.2 | 2.2 | 15.0 |
| 227 | 119 | Royal Bk. Scotland | 127 | ..... | †7.2 | 3.8 | 7.6 | 4.5 |
| 795 | 368 | Saitama Bank Y50 | 387 | –4 | Q14% | ◆ | 0.7 | ◆ |
| £12¼ | 577 | Sanwa Bank Y50 | 577 | –2 | Q17% | 6.7 | 0.5 | 27.2 |
| 902½ | 613 | Schroders £1 | 623 | ..... | h12.5 | 5.9 | 2.7 | 8.4 |
| 712½ | 413 | Do. £1 N/V | 418 | ..... | h12.5 | 5.9 | 4.0 | 5.6 |
| £25¼ | £10⅞ | Sec. Pacific $10 | £18⁵⁄₁₆ | –⅛ | Q$2.52 | – | 12.9 | – |
| 616 | 251 | Standard Chartd. £1 | 269 | ..... | 35.0 | 1.4 | 17.3 | (5.0) |
| £16¼ | £6⁵⁄₁₆ | Sumitomo Bank Y50 | £6½ | –⅛ | †tQ16% | 7.5 | 0.5 | 27.1 |
| £11 | £4⅜ | Sumitomo Tst & Bk Y50 | £4½ | +⅛ | Q17% | 6.9 | 0.7 | 20.6 |
| 147 | 114 | TSB | 119½ | –2½ | †5.8 | 2.5 | 6.5 | 7.8 |
| 175 | 126 | TSB Bank Ch'nel Is'l | 128 | ..... | †Q6.7 | 3.5 | 5.2 | 6.4 |
| £13¼ | £4⅝ | Tokai Bank Y50 | £4⅝ | –⅛ | Q16% | 4.1 | 0.9 | 35.5 |
| 920 | 520 | Toyo Tst & Bk Y50 | 520 | –12 | Q15.2% | 6.9 | 0.5 | 25.0 |
| 611 | 503 | Union Discount £1 | 503 | –7 | 33.0 | – | 8.7 | – |
| 525 | 286 | Warburg (S.G.) | 293 | –2 | 15.0 | 3.8 | 6.8 | 5.1 |
| 180 | 99 | Do 6pc Cnv Prf. | 99 | –1 | 6% | – | 8.1 | – |
| 279 | 177 | Westpac SA1 | 179 | –2 | Q52.5c | 1.9 | 13.2 | 4.9 |
| 420 | 333 | Wintrust 20p | 335 | +2 | †7.8 | 4.2 | 3.1 | 9.3 |
| 969 | 509 | Yasuda Tst & Bk. Y50 | 518 | +9 | Q17% | ◆ | 0.6 | ◆ |

### Hire Purchase, Leasing, etc.

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 175 | 40 | CLF Yeoman 50p | 48 | ..... | Q18.5% | 3.2 | 21.8 | 1.9 |
| 71 | 53 | Cambridge Grp Ir5p | 67 | –3 | Q7½% | 15.6 | 0.6 | 13.9 |
| 55 | 11 | ♦Capital Leasing Ir 10p | 12 | –1½ | †Q132% | 3.5 | 8.7 | 3.0 |
| 68 | 50 | Cattle's (Hldgs) 10p | 55 | ..... | †3.58 | 1.9 | 8.7 | 7.9 |
| 426 | 362 | Prov. Financial | 383 | ..... | †20.5 | 2.1 | 7.1 | 8.8 |
| *232 | 153 | ♦Reflex Invs. Ir5p | 153 | –7 | Q51% | 7.9 | 1.5 | 11.3 |
| 225 | 198 | Secure Trust Grp. 1p | 198 | ..... | †6.5 | 2.4 | 5.8 | 9.7 |
| 210 | 135 | Woodchester IR20p | 155d | ..... | †Q16.7% | 5.9 | 1.9 | 11.5 |

## BEERS, WINES & SPIRITS

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 520 | 408 | Allied-Lyons | 425 | –7 | 16.95 | 2.2 | 5.3 | 9.8 |
| £26½ | £18¾ | Anheuser-Busch $1 | £19⅝ | –⅛ | Q$1.00 | – | 2.7 | – |
| 1128 | 895 | Bass | 925 | –13 | †28.2 | 3.5 | 4.1 | 9.2 |
| 170 | 131 | Boddington | 134 | –1 | †5.1 | 2.3 | 5.2 | 11.1 |
| 199 | 161 | Bulmer (H.P.) 5p | 175 | ..... | 7.65 | 1.6 | 5.8 | 13.1 |
| 227 | 140 | Burtonwood Brewery | 147 | ..... | 3.98 | 2.7 | 3.6 | 13.7 |
| 400 | 290 | Clark (Matthew) | 343 | ..... | 13.5 | 2.7 | 5.2 | 9.3 |
| 286 | 125 | Devenish (J.A.) 5p | 128 | ..... | †4.65 | 3.1 | 4.8 | 7.8 |
| 225 | 90 | Do 4.5pc Cv 2ndPf. | 90xd | ..... | 4½% | – | 6.7 | – |
| 167 | 109 | ♦Eldridge, Pope 'A' 50p | 114 | ..... | 4.1 | 2.3 | 4.8 | 10.8 |
| 430 | 335 | ♦Fuller, S.T.A. 'A' £1 | 395 | –5 | 5.5 | 4.1 | 1.9 | 17.5 |
| 681 | 521 | Grand Metrop. 50p | 532 | –7 | †17.75 | 2.8 | 4.4 | 9.3 |
| 369 | 295 | Greenall Whitley | 298 | –1 | †8.7 | 2.9 | 3.9 | 11.3 |
| 174 | 139 | Do. 5.95pcCvPf £1 | 142 | ..... | 5.95% | – | 5.6 | – |
| 420 | 313 | Greene King | 334 | ..... | 9.8 | 3.4 | 3.9 | 9.8 |
| 824 | 626 | Guinness | 671xd | –7 | †15.3 | 3.3 | 3.0 | 11.8 |
| 224 | 171 | Do. 5¾pc Cnv Prf | 187 | –1 | 5.75% | – | 4.1 | – |
| £272 | £208½ | Do 8¼pcCvLn | £227½ | ..... | 8¼% | – | 3.6 | – |
| 253 | 182 | Highland Dists. 20p | 183 | ..... | †3.83 | 2.7 | 2.8 | 17.6 |
| 75 | 50 | ♦Hoskins Brewery 50p | 50 | ..... | – | – | – | 27.8 |
| 155 | 120 | Invergordon Distillers 10p | 123 | –1 | †5.0 | 2.3 | 5.4 | 10.9 |
| 725 | 525 | Kirin Brewery Y50 | 530 | +5 | Q15% | 4.0 | 0.5 | 47.1 |
| 825 | 583 | Macallan-Glenlivet | 593 | ..... | †1.06 | 6.9 | 0.2 | – |
| 478 | 380 | Macdonald Martin 'B' 10p | 468 | –10 | 6.4 | 3.9 | 1.8 | 20.8 |
| 480 | 375 | Mansfield Brewery | 435 | ..... | 11.3 | 3.4 | 3.5 | 11.2 |
| 222 | 159 | Marston Thompson | 164 | –2 | 4.02 | 3.1 | 3.3 | 13.0 |
| 520 | 395 | ♦Merrydown Wine | 518 | ..... | 7.0 | 3.3 | 1.8 | 22.0 |
| 405 | 265 | Morland | 273 | ..... | †6.13 | 4.1 | 2.5 | 11.7 |
| 366 | 278 | Scott & New 20p | 327 | +4 | 13.0 | 2.2 | 5.3 | 11.0 |
| £57¾ | £38½ | Seagram | £39⅞ | –⅛ | Q$1.40 | – | 2.1 | – |
| 329 | 191 | Vaux Group 10p | 196 | –1 | †7.84 | 2.2 | 5.3 | 10.9 |
| 469 | 360 | Whitbread 'A' | 403 | ..... | 14.8 | 2.4 | 4.9 | 10.6 |
| 79 | 61 | ♦Wiltshire Brewery 5p | 62 | ..... | 1.5 | – | 3.2 | – |
| 430 | 339 | Wolv. & Dudley | 368 | ..... | N9.0 | 3.6 | 3.3 | 11.7 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## BUILDING, TIMBER, ROADS

[illegible]

## BUILDING, TIMBER, ROADS – Contd

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## DRAPERY AND STORES

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## ELECTRICALS

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## ELECTRICALS – Contd

[illegible]

## ENGINEERING

[illegible]

## ENGINEERING – Contd

[illegible]

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## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## INDUSTRIALS (Miscel.) – Contd

[illegible]

## INDUSTRIALS (Miscel.) – Contd.

[illegible]

## INSURANCES

[illegible]

## LEISURE

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 72 | 33 | Do. 7.4pc Prf | 37 | ..... | 7.4% | – | 26.7 | – |
| 535 | 324 | Thames TV | 324 | –12 | a16.0 | 3.1 | 6.6 | 6.6 |
| 123 | 88 | Tottenham Hotspur | 95 | +2 | 5.0 | 2.6 | 7.0 | 16.1 |
| 483 | 163 | ♦Trans World Comm. 10p | 168 | –3 | 12.0 | 1.9 | 9.5 | 6.6 |
| 49 | 22 | ♦Trillion 10p | 27 | ..... | 0.5 | 1.1 | 2.5 | 47.9 |
| 412 | 255 | Tyne Tees 50p | 255 | –3 | 19.0 | 2.3 | 9.9 | 5.9 |
| 152 | 126½ | Ulster TV | 130xd | ..... | a6.0 | 3.6 | 6.2 | 6.0 |
| *30 | 8 | Video Store Grp 5p | 8 | –½ | – | – | – | – |
| 106½ | 71½ | Wembley 5p | 98½xd | +3½ | †2.0 | 4.7 | 2.9 | 9.1 |
| 98 | 13 | ♦Xtra-Vision Ir5p | 16 | +1 | Q23.9% | 5.4 | 6.4 | 3.4 |
| 203 | 70 | ♦Yorkshire Radio 15p | 163 | ..... | ♦14.0 | 2.4 | 3.3 | 13.3 |
| 314 | 226 | Yorkshire TV | 233 | –2 | 11.3 | 3.3 | 6.5 | 6.1 |
| 156 | 124 | Zetters Grp 5p | 125 | +1 | 7.0 | 1.5 | 7.5 | 12.3 |

## MOTORS, AIRCRAFT TRADES

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| £14½ | £6¼ | DAF N.V. Fl5 | £7½ | –⅛ | Q50% | 2.0 | 10.6 | 4.7 |
| 149 | 91½ | General Mtrs Units | 95 | –1 | Q12½% | – | 7.0 | – |
| 41 | 18 | ♦March Group 5p | 18 | ..... | B– | – | – | – |
| *£222¼ | £125½ | Volkswagen DM50 | £125½ | –4½ | Q22% | ◆ | 3.0 | ◆ |
| £44⅞ | £25½ | Volvo Kr25 | £25½ | –1⅛ | Q62% | 4.3 | 5.5 | 4.3 |

### Commercial Vehicles

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 253 | 108 | ERF (Hldgs) | 128 | –3 | 10.0 | 1.6 | 10.4 | 7.8 |
| 180 | 68 | Plaxton Grp. | 78 | ..... | 8.5 | 2.0 | 16.2 | 3.9 |

# LONDON SHARE SERVICE

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## MOTORS, AIRCRAFT TRADES – Contd

### Components

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 458 | 420 | Abbey Panels | 453 | ..... | 3.5 | 10.8 | 1.0 | 12.0 |
| 223 | 147 | Airflow Streamlines | 147 | ..... | 6.0 | 3.9 | 5.4 | 6.3 |
| 190 | 145 | Bostrom 5p | 165 | ..... | †5.75 | 3.1 | 4.7 | 7.4 |
| 266 | 163 | Dowty 50p | 174 | ..... | 9.0 | 2.1 | 6.9 | 8.4 |
| 239 | 119 | FR Group | 124 | +4 | 6.37 | 3.2 | 6.8 | 5.9 |
| 135 | 55 | Kwik-Fit Hldgs. 10p | 64 | –1 | †2.4 | 1.7 | 5.1 | 15.8 |
| 174 | 102 | Lucas Inds. | 115 | –3 | 16.25 | 3.0 | 7.2 | 5.2 |
| 44 | 14 | Do. Warrants | 17½ | ..... | – | – | – | – |
| 80 | 63 | ♦Mid-States 10p | 63 | ..... | ‡28.75 | – | 1.6 | 52.8 |

### Garages and Distributors

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 28 | 16 | Alexanders 10p | 17 | ..... | 1.0 | 3.0 | 7.8 | 5.1 |
| 135 | 78 | Appleyard 10p | 80 | ..... | †7.8 | 2.4 | 13.0 | 3.7 |
| 110 | 58 | ♦Blatchley Motor 20p | 58 | ..... | †7.5 | 1.9 | 17.2 | 4.1 |
| 568 | 423 | Caffyns 50p | 425 | –3 | 11.5 | 0.3 | 3.6 | – |
| 121 | 98 | ♦Central Motor Auctns. | 100 | ..... | †3.25 | 3.2 | 4.0 | 10.3 |
| 61 | 26 | ♦Cook (D.G.) Hldgs. | 28 | ..... | 1.0 | 5.3 | 4.8 | 5.3 |
| 89 | 33 | Cowie (T.) 5p | 42 | ..... | 4.2 | 1.5 | 13.3 | 5.8 |
| 95 | 56 | Dagenham Motors 10p | 61 | ..... | †5.25 | 2.8 | 11.6 | 4.1 |
| 98 | 75 | Davenport Vernon 10p | 76 | +1 | 3.5 | 3.6 | 6.1 | 5.3 |
| 29 | 16 | Equity & Gen 5p | 20 | ..... | †1.5 | 1.7 | 10.0 | (7.1) |
| 247 | 163 | Evans Halshaw | 166 | –1 | 11.25 | 2.4 | 9.0 | 6.1 |
| 113 | 85 | Gates (F.G.) | 90 | ..... | 2.75 | 1.9 | 4.1 | 16.9 |
| 161 | 25 | Gowrings 10p | 40 | –3 | 5.63 | 1.0 | 18.8 | 6.9 |
| 81 | 44 | Jacks Wm. | 44 | –6 | †2.0 | 1.0 | ‡ | 21.6 |

## PROPERTY – Contd

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr |
|---|---|---|---|---|---|---|
| 285 | 150 | Helical Bar 5p | 155 | ..... | 10.0 | 4.0 |
| 81 | 47 | Do. 5¼pc Cv Pf '12 | 51 | ..... | 5¼% | – |
| 177 | 137 | Hemmg Sm & Bur 10p | 137 | ..... | †5.75 | 3.3 |
| 67 | 47 | ♦HK Land Hldgs. | 51 | ..... | †Φ6.15c | ♦ |
| 18½ | 8 | ♦INOCO 10p | 8 | ..... | – | – |
| 250 | 225 | Jermyn Invest. | 250 | ..... | 3.0 | 16.9 |
| 37½ | 30 | ♦Key City Prop. | 30 | ..... | – | – |
| 549 | 443 | Land Securities £1 | 458 | –7 | 17.0 | 1.4 |
| 1200 | 855 | Mountview Ests. 5p | [illegible] | ..... | 11.5 | 11.8 |
| 40 | 9 | ♦Mowat Group 10p | 9 | ..... | a1.2 | 4.6 |
| 124 | 86 | Muckow (A. & J.) | 97 | +2 | 5.13 | ♦ |
| 63 | 46 | New Cavendish 5p | 46 | ..... | – | – |
| 237 | 135 | Palmerston Hldgs. | 135 | ..... | 8.78 | 1.4 |
| 238 | 125 | Peel Hldgs. | 138 | ..... | 10.0 | 0.2 |

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING, ADVERTISING

## PROPERTY

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRANSPORT

## INVESTMENT TRUST

## INVESTMENT TRUST – Contd

## OIL AND GAS – Contd

## OVERSEAS TRADERS

## PLANTATIONS

### Rubbers, Palm Oil

### Teas

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Diamond and Platinum

### Central African

### Finance

### Australians

### Tins

### Miscellaneous

## FINANCE, LAND, ETC

## WATER

## OIL AND GAS

## MINES – Contd

## THIRD MARKET

## NOTES

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

### IRISH

## TRADITIONAL OPTIONS

3-month call rates

| Industrials | p |
|---|---|
| Allied-Lyons | 40 |
| Amstrad | 7 |
| Astec (BSR) | 6 |
| BAT | 45 |
| BOC Grp. | 39 |
| BTR | 29 |
| Barclays | 27 |
| Blue Circle | 17 |
| Boots | 21 |
| Bowaters | 41 |
| Brit Aerospace | 43 |
| British Steel | 13 |
| Brit. Telecom | 22 |
| Cadburys | 26 |
| Charter Cons. | 37 |
| Comm Union | 37 |
| Courtaulds | 25 |
| Eurotunnel | 55 |
| FKI | 5½ |
| FNFC | 20 |
| Gen Accident | 46½ |
| GEC | 14 |
| Glaxo | 57 |
| Grand Met. | 44 |
| Guardian | 15 |
| GKN | 27 |
| Hanson | 16 |
| Hawker Sidd. | 39 |
| ICI | 70 |
| Ladbroke | 22 |
| Legal & Gen. | 29½ |
| Lex Service | 28 |
| Lloyds Bank | 21 |
| Lucas Inds. | 11 |
| Marks & Spencer | 18 |
| Midland Bk. | 20 |
| Nat West Bk. | 18 |
| P & O Dfd. | 42 |
| Polly Peck | 40 |
| Racal Elect. | 14 |
| RHM | 23 |
| Rank Org Ord. | 49 |
| Reed Intnl. | 30 |
| STC | 19½ |
| Sears | 8½ |
| SmKl. Beecham A | 44 |
| TI | 37 |
| TSB | 10 |
| Tesco | 19 |
| Thorn EMI | 49 |
| Trust Houses | 21 |
| T&N | 14 |
| Unilever | 50 |
| Vickers | 19 |
| Wellcome | 38 |

| Property | |
|---|---|
| Brit Land | 24 |
| Control Secs. | 4 |
| Land Securities | 42 |
| MEPC | 38 |
| Mountleigh | 11 |

| Oils | |
|---|---|
| Aviva Petlm. | 3½ |
| Brit Petroleum | 28 |
| Burmah Castrol | 44 |
| Conroy Petlm. | 20 |
| Gaelic Res. | 2 |
| Premier | 8½ |
| Shell | 40 |
| Tuskar Res. | 6 |
| Ultramar | 31 |

| Mines | |
|---|---|
| Lonrho | 27 |
| RTZ | 40 |

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FINANCIAL TIMES
Weekend September 29/September 30 1990



# Barclays buys private German bank

**By Katharine Campbell**

BARCLAYS, the UK's largest bank, is increasing its presence in the German market by buying the prestigious Munich private banking house, Merck, Finck.

It is paying an undisclosed sum for 100 per cent of the shares in the bank, which was founded in 1870.

The move reflects Barclays' eagerness to gain a firmer foothold in the evolving European single market. Both Lloyds and Midland have already developed their operations in the tight-knit German market by purchasing indigenous banks – in Lloyds' case Schröder Münchmeyer Hengst, and in Midland's Trinkaus & Burkhardt.

Sir Martin Jacomb, deputy chairman of Barclays Bank and chairman of BZW, stressed that the private bank and its traditional character would be kept intact.

Merck, Finck will have a capital base of DM200m (£68m) after Barclays injects DM100m to replace an identical sum of Finck assets that stood behind the operation. The bank has a balance sheet of DM3.7bn. Profits are not disclosed.

Funds in custody are estimated at DM14bn. The bank also has an active lending business among medium-sized companies, an area which fits with Barclays' present German operations.

Merck, Finck said Barclays was acquiring solely the operative banking business, excluding the retail bank Deutsche Spar-und Kreditbank.

Barclays is thought to be paying dearly for an entrée into the coveted private banking world, particularly for a name with the cachet of Merck, Finck, a soundly if conservatively managed institution firmly in the top league of the country's private banks.

Other bankers expressed surprise that the von Finck family, with an estimated net worth of DM5bn primarily sourced in brewing, agricultural and real estate interests, had chosen to sell.

A spokesman for Merck, Finck said the owner, Mr August von Finck, one of Germany's wealthiest men whose grandfather joined the partnership shortly after the bank was founded, faced a tall order for one man in retaining an overview and control of a large institution in the increasingly complex modern banking environment.

The owner's four children had no interest in assuming the family banking interests.

The number of independent German private banks is steadily dwindling, partly due to more stringent international capital requirements. Merck, Finck's strengths are principally in fund management for wealthy private clients and some institutional accounts.

While Merck, Finck used to command considerable stakes in German industry and finance, many of these have been sold in the past year in tax-driven restructurings of von Finck family fortunes.

# ECC announces 750 redundancies in West Country

**By Andrew Taylor, Construction Correspondent**

*ECC GROUP* yesterday became the third big company within a week to announce large-scale redundancies when it unveiled plans to shed 750 jobs over the next five months.

The group, formerly English China Clays, is the largest single private sector employer in Devon and Cornwall.

On Thursday, Laura Ashley, the clothing and home furnishings group, said it planned to close seven factories at six sites in the British Isles with the loss of 1,000 jobs. It also plans to shed a further 500 jobs worldwide.

Howden Group, the Scottish engineering group, announced a week ago that it was closing its Renfrew plant near Glasgow with the loss of 500 jobs.

ECC's decision comes amid increasing concern that British industry is moving into recession. The Engineering Employers' Federation forecast on Wednesday that 80,000 jobs could be lost between this summer and mid-1991.

ECC is one of the world's largest suppliers of kaolin, or china clay, used for fillers and coatings for paper manufacture. Group pre-tax profits in the first half of this year fell by almost a quarter from £66.3m to £50.9m.

Mr Andrew Teare, who was recently appointed chief executive from the Rugby Cement group, said: "The redundancies are in response to a general review of the group's operations, but come against the background of a slowdown in the European paper market and a fall in British construction output."

Mr Teare said the reorganisation and redundancies would have taken place irrespective of market conditions. The measures would not involve any reduction in kaolin production and the job cuts would be across the board.

The announcement of the redundancies will be a blow to the West Country, particularly around St Austell in Cornwall where most of ECC's clay pits are situated.

Unemployment in south-west England has risen by 12 per cent since the beginning of this year. This compares with a 3 per cent rise for the UK as a whole. Only East Anglia, where unemployment has risen by 14 per cent, has a worse record.

Mr John Marshall, economic development officer for Restormel District Council covering St Austell said: "This will be a serious economic blow to the town. English China is by far the biggest employer. There are other companies but many of these rely on English China as their biggest customer.

"It will be very difficult in the short term to replace all the jobs which will be lost, although some firms are still expanding in the area," he added.

St Austell has already been affected by ECC's decision earlier this month to close its housebuilding business which has its headquarters in the town. About 250 jobs from the housebuilding division are due to be shed over the next two years.

ECC also says that in addition it will have cut 350 jobs from its aggregates division by the end of this year.

North-west hardship, Page 4

## CHIEF PRICE CHANGES YESTERDAY

| FRANKFURT (Dm) | | | |
|---|---|---|---|
| **Rises** | | | |
| Beiersdorf | 668 | + | 38 |
| **Falls** | | | |
| Bayer-Verein | 303 | – | 12 |
| Deutsche Bank | 568 | – | 20 |
| Linde | 702 | – | 21 |
| Porsche | 732 | – | 38 |
| Wella | 620 | – | 16 |

| NEW YORK ($) | | | |
|---|---|---|---|
| **Rises** | | | |
| Chase Mnhtn | 11 5/8 | + | 5/8 |
| Citicorp | 14 1/8 | + | 3/8 |
| Philip Morris | 44 5/8 | + | 5/8 |
| UAL | 95 3/4 | + | 5 1/8 |
| **Falls** | | | |
| Sun Micro | 21 3/8 | – | 4 3/8 |
| Unisys | 5 1/8 | – | 1/4 |

New York prices at 12.30

| PARIS (FFr) | | | |
|---|---|---|---|
| **Rises** | | | |
| Beghin-Say | 770 | + | 40 |
| SILIC | 614 | + | 25 |
| **Falls** | | | |
| BNP | 266 | – | 18 |
| Essilor | 263 | – | 10 |
| L'Oreal | 439 | – | 13 |
| Paribas | 430 | – | 27 |

| TOKYO (Yen) | | | |
|---|---|---|---|
| **Falls** | | | |
| Hitachi Zosen | 390 | – | 46 |
| Japan Steel | 465 | – | 76 |
| Showa Elec | 614 | – | 96 |
| Toei | 720 | – | 90 |
| Yamaha | 821 | – | 24 |
| Yomiuri Land | 1500 | – | [illegible] |

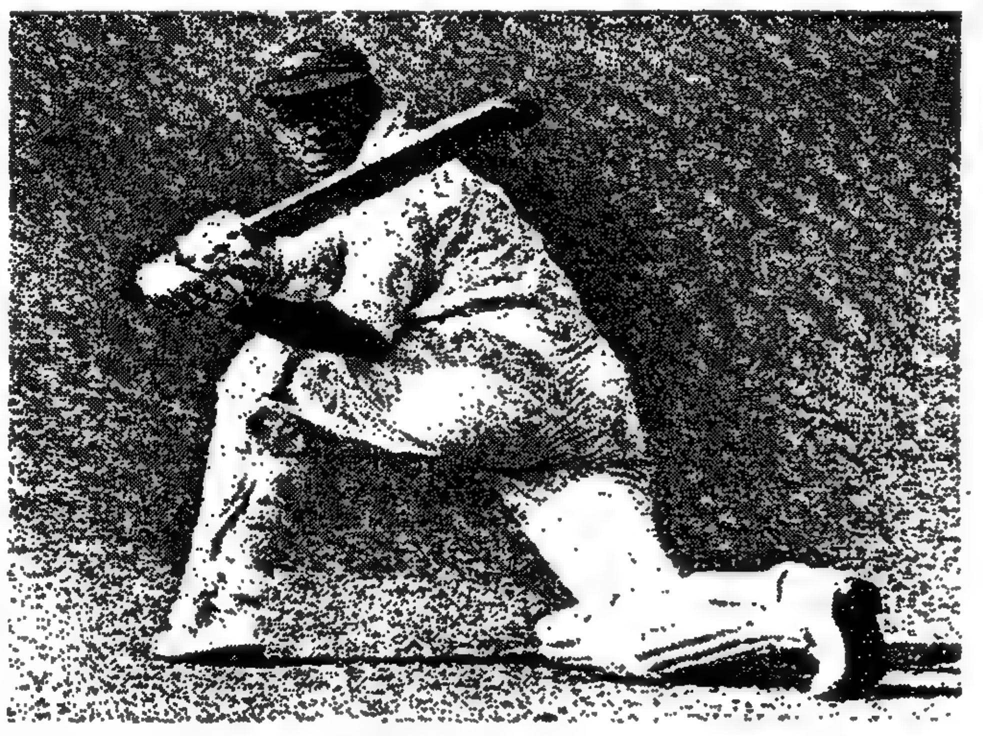
| LONDON (Pence) | | | |
|---|---|---|---|
| **Rises** | | | |
| LASMO | 460 | + | 13 |
| Norcros | 100 | + | 8 |
| Rank Org | 544 | + | 20 |
| **Falls** | | | |
| BET | 158 | – | 5 |
| Brent Walker | 103 | – | 24 |
| Central TV | 555 | – | 60 |
| Conder | 37 | – | 18 |
| Countryside | 74 | – | 5 |
| Faber Prest | 175 | – | 18 |
| Glaxo | 730 | – | 18 |
| Hanson | 184 | – | 7 |
| ICI | 808 | – | 22 |
| News Int | 189 | – | 38 |
| Pearson | 837 | – | 14 |
| Rosehaugh | 62 | – | 7 |
| Sale Tilney | 13 | – | 24 |
| Securicor | 395 | – | 65 |
| Security Serv | 295 | – | 70 |
| Stormgard | 17 | – | 11 |
| Tilbury | 418 | – | 32 |
| Utd Biscuits | 309 | – | 12 |
| Utd News | 281 | – | 12 |
| Wilding Office | 45 | – | 20 |

## WORLDWIDE WEATHER

| | | Y'day midday °C | °F |
|---|---|---|---|
| Ajaccio | S | 24 | 75 |
| Algiers | S | 31 | 88 |
| Amsterdam | F | 15 | 59 |
| Athens | F | 27 | 81 |
| Bahrain | S | 35 | 95 |
| Barcelona | C | 22 | 72 |
| Belfast | C | 14 | 57 |
| Belgrade | F | 17 | 63 |
| Berlin | C | 14 | 57 |
| Biarritz | S | 29 | 84 |
| Birmingham | F | 17 | 63 |
| Blackpool | R | 15 | 59 |
| Bombay | Dr | 26 | 79 |
| Bordeaux | S | 24 | 75 |
| [illegible] | F | 17 | 63 |
| Bristol | S | 17 | 63 |
| Brussels | S | 16 | 61 |
| Buenos Aires | | – | – |
| Budapest | F | 15 | 59 |
| Cairo | S | 33 | 91 |
| Cape Town | F | 18 | 64 |
| Cardiff | S | 19 | 66 |
| Chicago † | C | 16 | 61 |
| Cologne | F | 16 | 61 |
| Copenhagen | Dr | 11 | 52 |
| Corfu | S | 26 | 79 |
| Dallas † | S | [illegible] | [illegible] |
| Dublin | C | 17 | 63 |
| Dubrovnik | S | 22 | 72 |
| Edinburgh | C | 15 | 59 |
| Faro | F | 25 | 77 |
| Florence | [illegible] | 23 | 73 |
| Frankfurt | F | 15 | [illegible] |
| Geneva | S | 14 | 57 |
| Gibraltar | F | 24 | [illegible] |
| Glasgow | C | 13 | 55 |
| Guernsey | S | 17 | 63 |
| Helsinki | F | 10 | 50 |
| Hong Kong | [illegible] | 30 | 86 |
| Innsbruck | S | 16 | 61 |
| Inverness | R | [illegible] | 55 |
| Isle of Man | C | 14 | 57 |
| Istanbul | C | 19 | 66 |
| Jersey | S | 17 | 63 |
| Johannesburg | S | 23 | 73 |
| Las Palmas | F | 31 | 88 |
| Leeds | F | 17 | 63 |
| Lisbon | R | 25 | 77 |
| Locarno | F | 18 | 64 |
| London | S | 18 | 64 |
| Los Angeles † | S | 18 | 64 |
| Luxembourg | [illegible] | 15 | 59 |
| Madeira | F | [illegible] | 78 |
| [illegible] | F | 27 | 81 |
| Majorca | F | 27 | 81 |
| Malaga | S | 27 | [illegible] |
| Malta | S | 28 | 82 |
| Manchester | C | 17 | 63 |
| Melbourne | [illegible] | 15 | 59 |
| Mexico City | | – | – |
| [illegible] † | F | 24 | 75 |
| Milan | F | 18 | [illegible] |
| Montreal † | F | 13 | 55 |
| Moscow | R | 7 | [illegible] |
| Munich | S | 14 | 57 |
| Nairobi | F | 26 | 79 |
| Naples | S | 24 | 75 |
| Nassau | | – | – |
| Newcastle | C | 15 | 59 |
| New Delhi | S | 32 | 90 |
| New York † | S | 17 | 63 |
| Nice | S | 23 | 73 |
| Nicosia | S | 30 | 86 |
| Oporto | C | 25 | 77 |
| Oslo | F | 14 | 57 |
| Paris | [illegible] | 18 | 64 |
| Peking | S | 25 | 77 |
| Perth | S | 27 | 81 |
| Prague | F | 14 | 57 |
| Reykjavik | C | [illegible] | 46 |
| Rhodes | [illegible] | 29 | 84 |
| Rio de Janeiro | | – | – |
| Rome | S | [illegible] | 77 |
| Salzburg | [illegible] | 14 | 57 |
| S'Francisco † | C | 15 | [illegible] |
| Santiago | | – | – |
| Seoul | [illegible] | 25 | 77 |
| Singapore | F | [illegible] | [illegible] |
| Stockholm | C | [illegible] | 61 |
| Strasbourg | S | [illegible] | 66 |
| Sydney | S | 18 | 64 |
| Tangier | F | 30 | [illegible] |
| Tel Aviv | F | 29 | 84 |
| Tenerife | S | 27 | 81 |
| Tokyo | C | 25 | 77 |
| Toronto † | S | 12 | 54 |
| Tunis | F | 28 | 82 |
| Valencia | S | 28 | 82 |
| Venice | [illegible] | 20 | 68 |
| Vienna | F | 14 | 57 |
| [illegible] | F | 11 | 52 |
| Washington † | S | 15 | 59 |
| Wellington | S | 19 | [illegible] |
| Zurich | S | 15 | 59 |

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures





The Don made many a century with the help of willow shaped in Suffolk

# Wind in the willows brings an end to Edgar Watts' innings

**David Owen on why a bat-maker is closing down**

THE MOST run-drenched English cricket season for years has ended with a melancholy postscript.

Suffolk-based Edgar Watts, one of the country's oldest cleft or bat blade manufacturers, has shut down after an 80-year innings.

Ironically, the closure comes after a season when the fruit of the company's labours has punished bowlers more severely than at any time since Donald Bradman, later Sir Donald, was at the height of his powers. Inevitably, it was Edgar Watts that supplied the willow from which the bulk of the great Australian's bats were fashioned.

"We finished about 1.30pm today," said Mr Toby Watts, managing director, from the family firm's rustic Bungay headquarters yesterday. "We couldn't find enough good quality trees to make the business viable," he explained glumly.

The root cause of the company's demise was not the current economic slowdown but the freak storm of 1987. This wreaked havoc among English stocks of *salix caerulea* – the only type of willow strong and light enough to provide suitable raw material for cricket bat blades. The main concentration of these trees is in [illegible].

"What the storm blew down was mainly the nine to 15-year-old trees that are most suitable for bat-making," said Mr Watts. "The willow crop takes about 15 years to mature."

The situation has been exacerbated by the presence of watermark, a bacterial disease which destroys the long fibres that give the tree its strength.

A 15p levy is now paid on each English cricket bat cleft to help find a cure. Mr Watts stressed, however, that the disease has long been a problem and is not getting worse.

The company was founded by Mr Watts' grandfather in 1910. It had been handling about 70 trees a week, producing between 30 and 35 clefts per tree, making it the second-largest player in the £1.5m British bat blade industry.

Well over 90 per cent of its output was exported. Virtually all top quality bats are made from English willow.

Enough of the younger trees survived the storm to suggest that supply and demand will come back into balance two or three years from now.

But this will not be in time for Mr Watts who, at 61, says his days of "flying around the country five days a week" were over.

# US Fed taking cautious line on new pointers to slowdown

**By Peter Riddell, US Editor in Washington**

THE US Federal Reserve will respond cautiously to any weekend budget deal in spite of new indicators yesterday pointing to a further weakening in economic activity.

The Commerce Department's index of leading indicators, which points to changes in economic activity six to nine months ahead, fell by 1.2 per cent in August following a broadly flat performance in recent months. This is the largest drop since November 1987.

The Fed has warned of the need to maintain credibility in the fight against inflation and of the risk that a premature easing of monetary policy might merely push up long-term interest rates.

There will, however, be strong pressure for at least a token cut in interest rates in view of the growing evidence this week of slowing activity. Seven of the 11 components of the official index fell during August, led by declining share prices and the sharp drop in consumer confidence. Plant and equipments orders also dropped, as did order backlogs, while unemployment insurance claims rose, building permits fell and the money supply was lower.

News of the slowdown came as the White House and Congressional leaders had yesterday narrowed their budget differences significantly following President George Bush's decision to compromise over the controversial issue of a cut in capital gains tax. He has shifted from proposing a cut in the rate of tax to indexing the tax to exempt gains from inflation, as in Britain.

Congressmen were expressing confident hopes that the nearly five month long talks would finally be concluded over the weekend and would involve a wide range of cuts in defence and domestic programmes as well as tax increases, such as a rise in Federal petrol tax from nine to 17 cents a gallon.

Any deal would avoid the imposition on Monday under the Gramm-Rudman deficit reduction law of spending cuts across the board affecting most Federal services and rising to nearly $106bn (£56.3bn) by mid-October. Congress will meet tomorrow afternoon to pass the necessary legislation to keep the government going.

Even before any budget deal, Senator Lloyd Bentsen, the Democratic chairman of the Senate Finance committee, was saying that, if there were "really serious credible" cuts in the deficit, the Fed would "ease up on interest rates, and that ought to spur the economy and get us off the ragged edge of this recession."

# Oil companies cleared

Continued from Page 1

try."

It found that, for most of August, oil companies' margins on petrol wholesaling were smaller than usual.

In Paris, the IEA said that no industrialised country was yet experiencing a visible shortage of crude oil or refined products.

It added the rise in oil prices was caused by the political uncertainty over the Gulf crisis, and that the international organisations were equipped to deal with the financial difficulties caused by higher oil prices. This, it said, was not the IEA's responsibility.

The IEA analysis further indicated that no shortfall was foreseen without further disruption to supplies.

The IEA decision appeared to rule out any measures to intervene in oil markets, even should oil prices continue to rise sharply, as many analysts expect.

Germany and Japan were understood to be firmly opposed to taking any steps to intervene in the market as they have already secured adequate supplies.

The relative fragile state of the US economy, however, may make Washington more amenable to taking early action should oil prices continue to rise.

The IEA, however, is legally authorised to act in the event of an identifiable shortage of oil.

A much deeper oil market crisis is thought necessary to galvanise a political consensus to act.

*Changes in the Price of Petrol in the UK following the invasion of Kuwait. OFT, Chancery House, Chancery Lane, London WC2A 1SP.*

THE LEX COLUMN

# The pulling power of dividends

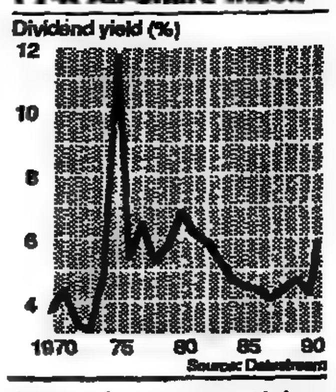
The most striking aspect of the London market this week has been its immobility. In the past four trading days, Tokyo has fallen 12 per cent and Wall Street is down 35 points; London's close at 1,990.2 on the FT-SE yesterday left it precisely where it was on Monday. The reason seems clear enough. The institutions are aware in principle that the market is cheap, whatever the risks of it getting cheaper. They have therefore been nibbling away at the 2,000 level, which has not yet been decisively left behind. And with volume still thin – though building up through the month – this has offset the fact that no one is yet seriously committed to buying the market.

The grounds for seeing equities as cheap are becoming familiar. The traditional 1980s basis of valuation, the forecast p/e ratio, now looks outmoded. The source of the earnings forecast was traditionally the company itself; and at times like these, companies are as much in the dark as the investing public. This leaves the basic measure of the historic yield, tempered by judgment on the likelihood of the dividend being maintained. The yield on the All-Share index is close to 6 per cent; on ICI, down at a new low yesterday, it is over 9 per cent.

But maintained dividends from the market as a whole should perhaps not be taken for granted. Yesterday's government figures for corporate profitability in the second quarter are not encouraging. The notorious financial deficit has widened yet again, from £8.2bn in the first quarter to £10.2bn in the second. The series is somewhat erratic. But companies obliged to improve their balance sheets while maintaining payments to the bank and the taxman have only two options: to cut stocks and investment – which hits other companies – or to cut dividends.

Meanwhile, beneath the calm surface of the FT-SE, accidents continue to happen. Security Services fell 19 per cent yesterday, Wilding Office Equipment by 31 per cent and Sale Tilney by 65 per cent. Fundamental cheapness is one thing; but a market in which such things pass for normal is not yet to be trusted.

FT-SE Index: 1,990.2 (-18.9)




## Merck, Finck

If Deutsche Bank could spend £950m buying Morgan Grenfell last year, one wonders how much the high rollers at Barclays Bank have spent on the much more prestigious financial institution of Merck, Finck & Co. We shall never know. Barclays is such a big bank these days that it does not have to disclose the cost, unless it is more than £300m; and private German bankers do not like to boast.

That said, it is a racing certainty that Barclays paid the sort of premium over book value which its own shareholders will never enjoy. In terms of balance sheet size, Morgan Grenfell is nearly five times as big as Merck, Finck. But as any banker will tell you, balance sheet size is not what matters these days. Barclays probably did not get much change out of £200m. Germany is the biggest economy in Europe, Merck, Finck is very well connected and if Barclays is really going to make a name for itself on the continent it needs to make this sort of commitment. Indeed, the surprise is that it has taken it so long.

## Trafalgar House

So, after 20 years, Sir Nigel Broackes is once again trying his hand at long-term investment in UK commercial property. Perhaps yesterday's Trafalgar House/Kingfisher deal was merely a financial wheeze, mainly useful to Trafalgar because it shifts eight properties off its balance sheet and brings in £40m of cash just two days before its September year end. One could certainly understand the attraction in a year when Trafalgar's taxable profits are likely to be showing big write-downs on its development book, its net debt is perhaps somewhere over £400m and its shares are yielding over 10 per cent. Or maybe the deal is further evidence that the blue chips of UK property development are, with differing results, reappraising their long-term strategy. Mr Cyril Stein, for another, has been talking about winding down Ladbroke's property development activities and only keeping a core investment portfolio. Perhaps Sir Nigel and Mr Stein are setting a trend.

## UK interest rates

This Friday marks the first anniversary of 15 per cent bank base rates. With the political party conference season in full swing, the calls for an early cut are going to get increasingly shrill. The authorities will almost certainly not bow immediately to the growing clamour; but history suggests that they cannot leave it much longer.

On a couple of occasions – 1979 and again in 1981 – UK base rates have been higher than now. But 17 per cent base rates only lasted for 7½ months, and rates have never yet been kept above 15 per cent for a year. At the end of the 1960s, bank rate was kept at a peak 8 per cent for 13 months – the longest period of sustained high interest rates to date. If UK interest rates are not reduced by the end of October, this Government will be remembered, among other things, for maintaining the longest period of penal interest rates in modern British history. In 1979, inflation was running at over 17 per cent, or two thirds higher than now.

Last week's £10bn second quarter UK corporate sector deficit helps explain why the likes of the CBI are making such a fuss. The pain felt by the personal sector is far less clear. The current 15.4 per cent mortgage rate is higher than ever before. But it did not start to take effect until mid-February, and the first hint of lower official interest rates will almost certainly be followed by a speedy mortgage rate cut.

Admittedly, repossessions and mortgage arrears have soared, tax relief is far less of a cushion than a decade ago and house prices have fallen for an unprecedented three quarters in a row. However, the real pain of higher interest rates is only felt acutely by those house buyers who over-borrowed at the top of the market in 1988. Given that no more than 13 per cent of new borrowers in 1988 were unwise enough to borrow more than 3 times their income, the quarter of a million borrowers at most risk have to be set against the 30m building society investors for whom high interest rates are actually a benefit.

# Weekend FT

SECTION II

Weekend September 29/September 30 1990

Rambo's mission to rescue prisoners of war left behind in Vietnam was dismissed as a cartoon fantasy — but is the truth even stranger?

# Missing GIs: prisoners on America's conscience

***Justin Wintle** looks at disturbing allegations that the CIA strove to avoid bringing the boys home from Vietnam alive*

THE MISSION was on the brink of success. A triangular stockade had been photographed deep in the jungle of Laos, holding white prisoners eight years after the end of the Vietnam war. Satellite pictures had been beamed to Washington, a task force of special troops was ready . . .

The message which came back did more than dash the hopes of a rescue. It said: "Liquidate the merchandise".

This allegation is the testimony of a secret service man and is part of a pile of evidence assembled by journalist Monika Jensen-Stevenson and her husband William Stevenson which they present in a book published this week. They suggest that the US secret service has been engaged in a vast cover-up since 1973 when it was claimed, by President Richard Nixon, that all prisoners of war were repatriated. Their book, which they say is based on the sworn testimony of senior officers, as well as depositions from more shadowy informants, suggests that the US government persistently lied to the families of those Missing In Action (MIAs). While officials, and President Nixon said publicly that none remained alive, intelligence reports were showing not only the existence, but also the precise location of many prisoners.

However, it was President Ronald Reagan who may have let the cat out of the bag, after the wife of a missing colonel secretly pressed a letter into his hand at a reception, appealing for help. He wrote back: "Poor security during a secret mission to rescue POWs made other missions difficult." This snippet helped set Monika Jensen-Stevenson, then producer of CBS-TV's *60 Minutes* programme, on the trail of a story which, if true, is one of the most shameful chapters in modern US history. The testimony which she and her husband collected suggests that rescue missions were indeed mounted in 1981, but that the Central Intelligence Agency (or a corrupt part of it) caused them to be aborted, to prevent more nefarious activities from becoming known.

The allegation about the aborted mission is one of the most startling. It is made by Scott Barnes a former agent who, in 1981, went deep into the jungle of Laos with an escort of 30 heavily armed guerrilas to photograph the prison camp, from the top of a knoll. He says he saw white men working under armed guard. He believed crack troops were waiting to swoop in and rescue the prisoners. But the rescue never took place.

It was on his return to base in Thailand that Barnes says he was shown the strange order about "merchandise" (a CIA word for captives). When he protested, he says he was put under armed guard, but escaped on his way to the US embassy in Bangkok. Later Barnes was stabbed by an unknown assailant, but survived. His story, which he repeated under truth drugs to a US lawyer, was denied by US officials, but partly corroborated by a statement from another secret service man who saw the message.

Barnes, say the authors, was only one of many who were harassed or prosecuted with trumped up charges after threatening to undermine the official doctrine that all those designated missing in action from the Vietnam war were dead.

This doctrine was first promulgated in 1973, when North Vietnam released 591 of its prisoners of war, and claimed no more were left alive. A further 2,500 have been listed as missing in action in Indochina (comprising Laos and Cambodia, as well as Vietnam) Persistent rumours that some of these MIAs survive in jungle prisons and mountain caves have passed into popular myth exploited by the *Rambo* films of daring rescue and bloody revenge. Although these were widely dismissed as fantasy, it now seems the truth may prove even stranger.

For many years it was easy to dismiss the rumours of survival as wish-fulfilment by bereaved families: all wars swallow some of their victims without trace. Some 70,000 US servicemen remain unaccounted for from the Second World War, and 8,000 as a result of the Korean War. Set against total casualty figures, the Vietnam statistics look modest.

As recently as last December, Vietnam's Foreign Minister, Nguyen Co Thach, told me in Hanoi that there were no American prisoners in his country. I believed him, partly because I could not see why Vietnam should want to hold prisoners for so long. I was later told the same story by a member of the Defense Department's Joint Casualty Resolution Centre at the US Embassy in Bangkok. He said that after eight years' search his unit had found no definitive proof of POWs in Vietnam. If the thesis of the Stevenson's book is right I may have been sold a pass.

The Stevensons' contention that official agencies knew all about the "secret" prisoners is supported by the sworn evidence of Lt Gen Eugene Tighe, director of the Defense Intelligence Agency (DIA) during and after the Vietnam War and by many other recorded statements. But if the authorities knew about the prisoners, why did they make such strenuous efforts to conceal the facts and to silence, disgrace or ridicule those who threatened to spill the beans?

For Scott Barnes was only one of many who after speaking out, later suffered at the hands of authority. Major Mark Smith, a highly decorated Vietnam veteran and Sergeant Melvin McIntyre testified that in 1984 they had negotiated the handover of three American prisoners from Laos to a US embassy official from Bangkok. But the official never showed up. Smith and McIntyre said they were told to shut down their operation and shred all evidence of American prisoners. When they protested, they were put on serious charges, which the Army's own investigator later found to be baseless.

Smith and McIntyre's protests were supported by their immediate superior Lt Col Robert Howard, who argued that the search for prisoners should continue. All three were then ordered to fly on a "routine" training mission in Thailand. According to a statement which Howard later made under oath to his lawyer, McIntyre became suspicious before take-off that the aircraft was different from the usual kind used in training missions and that they were more heavily armed than was warranted. They then asked the pilot for the (confidential) flight plan and discovered that he had orders to drop them, not in a training area, but across the border into a communist stronghold. Howard, who was convinced it was a deliberate plan to dispose of them, aborted the flight. After he unexpectedly returned from the mission, Howard also faced a false charge, which was later dropped.

The authors ask: what national security consideration could justify such expedients and the abandoning of American servicemen to the cruelty of their Vietnamese jailers? The answer, if it is to be believed, is loathsome in the extreme. It involves many different security agencies, some of them military, some of them CIA, right up to the National Security Council. The gist of it is that the US, which was already running a secret war in Laos, continued clandestine operations against Vietnam well after 1973. Indeed there is an unbroken line of covert U.S. involvement in Indochina up until the present, when Washington has been seen to support the genocidal Khmer Rouge against the Vietnam-backed government of Hun Sen in Phnom Penh.

In recent months the Khmer Rouge connection has been well aired in the international press. The Stevensons claim that, in addition, elements of the CIA have been involved in the drug trade of the Golden Triangle. Laos contains the richest poppy fields in the world, and these, say the Stevensons, CIA operatives nursed from the late 1960s. When Congress wouldn't finance its dirty wars, the CIA simply looked for alternative funding.

Inevitably, as these operations continued, more Americans fell into "enemy" hands. Any move to get these new prisoners out of captivity incurred the risk of their telling the media what they had been engaged in after the Vietnam war ended. What had been secret, for the purpose of defeating communism, had to remain secret for the sake of protecting illegalities. So the lies and the cover-up by the shadowy bureaucracy of the secret services and their diehard anti-communists began, they say.

But why would the Vietnamese want to keep prisoners? The main motive, it seems, was to use them as bargaining chips as the communists had done before. In 1954 the Viet Minh held back some 200 French prisoners so that they could be "sold" later. Similarly in 1978 it appears, prisoners were kept as hostages to force Washington to honour a pledge made secretly and illegally by Nixon, but well canvassed by recent historians, to pay Vietnam up to $4bn in war reparations.

In a book full of startling admissions, perhaps the most unexpected comes from Truong Chinh, the iron fist of the Vietnamese Revolution, and possibly the only man who ever had a hold over Ho Chi Minh. William Stevenson reports him as saying in an interview just before his death in 1988 : "It is possible we shall embarrass the American government some day by sending some [PoWs] back."

*Kiss the Boys Goodbye* also chronicles at least two attempts by the Vietnamese government to trade its alleged POWs. Monika Jensen-Stevenson relates how a "Canadian government source" informed her that in 1981 there had been an offer by Hanoi to sell 57 prisoners to the US government, with Ottawa's ambassador in China a go-between. Then, in 1988, Eugene McDaniel, a former army captain, now director of the American Defense Institute, received an offer from "the commander of a Communist garrison in southern Vietnam" to sell 150 prisoners at $2m a head. Tentative negotiations for this deal were held in Paris, but failed to produce anything except scraps of letters purporting to come from prisoners.

The great mass of the Stevensons' evidence however is gathered in America itself. Their starting point is Bobby Garwood, a POW who was not released in 1973, and like all the other MIAs was said to be dead. In 1979 however, having learned fluent Vietnamese which helped him to gain the the trust of his minders, he managed to pass a note to a Finnish diplomat, who gave it to the BBC. This note intimated the existence of other US PoWs, which Garwood was later to describe in detail from his experience of many camps.

Washington's response was to have him arrested, tried and imprisoned as a traitor and a collaborator (though the war had long since been over).

Garwood said he had learnt Vietnamese from a fellow prisoner, a special forces captain called Ike, who was beaten to death for trying to escape. Garwood tried to get a note to the West via a Vietnamese girl, but she was caught and shot in front of him.

However the authorities did not appear to have any interest in Garwood's knowledge of the prison system and the men still held captive there. He was given only a perfunctory debriefing. But nine years later, he was interviewed at length in the presence of General Tighe and subjected to lie detector tests. He stuck to his story. The polygraph indicated he was telling the truth, and Tighe believed him. Indeed Tighe had already told Monika Jensen-Stevenson that he was "convinced Garwood was right" some two years before the debriefing. Jensen-Stevenson also quotes a former Deputy Director of the DIA Admiral Jerry Tuttle as saying "he'd seen highly classified photographs of American prisoners, which seemed to back up what Garwood had said."

Garwood, Tighe and Tuttle are only tiles in a vastly complex mosaic. Other key informants include several high-ranking officers from all three services, a Texan billionaire (H. Ross Perot), acting as a presidential investigator for Ronald Reagan, and a host of "clandestine warfare experts".

These latter, a motley crew of military adventurers, intermittently recruited by the CIA for its covert operations in Laos and Cambodia, provide a steady undercurrent of adventure — the two rescue attempts, said to have been sabotaged by the CIA and the activities of two banks allegedly set up by the CIA to "launder" drug money.

It is the testimony of these men, individually difficult to believe, but collectively plausible, that draws out the seedy international ramifications. The most Rambo-like of them all, Colonel James "Bo" Gritz, even testifies that the ruler of the Golden Triangle's Shan State, Khun Sa, would far rather grow cereals than poppies, but is prevented

Turn to Page 8

# The positive side of a bear market

## The Long View

BARRY RILEY

**It is necessary to go back to the mid-1970s to find reasonable parallels for current patterns in the stock market**

A BEAR market is a time of falling prices but of rising tension. The financial community becomes increasingly agitated as business pressures grow, but there is an awareness that some of the biggest prizes of the whole stock market cycle will go to those firms and individuals who can hold out until the turn comes.

Those who are forced sellers close to the bottom will never be able to recoup their losses. That is why vicious bear raids are now taking place on the shares of companies which have too much debt and too many nervous bankers.

I last wrote in detail about the UK stock market at the beginning of July when the climate was still quite bullish. It was hard to resist the optimism of the time, but I judged that the FT-SE 100 Index would fall back from its high of 2400 to somewhere much nearer the 2100 bottom of its then trading range within two months.

It was probably not a bad forecast in the circumstances, but of course the Gulf crisis intervened, the oil price has been climbing towards $40 a barrel and the Footsie this week dipped below 2000. Some of the chartists are now regarding 2100 as a barrier rather than a support level.

In nominal terms the London market has still not done anything very dramatic: it has fallen about 18 per cent since July, compared with the one-third dive it took in the October 1987 crash. But in real terms the adjustment since the peak of July 1987 has been a much more substantial 38 per cent. On that basis the setback has been the most severe suffered in London since 1974 (when the overall real terms decline between May 1972 and the end of 1974 was an amazing 80 per cent).

This highlights the way that the economic recession now developing is much more similar to the downturn of 1974-75 than to the recession of 1980-81. In the early 1980s the stock market scarcely seemed to notice the industrial crisis (in real terms it fell 11 per cent in 1979 but rose the same amount in 1980 and fell just 4 per cent in 1981.

Whatever the scale of the industrial calamity, there was no very great financial crisis: the company sector's financial deficit reached the equivalent in today's money of about £2.6bn in 1979 but then quickly went back into surplus. In 1974 the deficit had been more like £11bn at 1990 prices, while in the twelve months to the end of June this year it reached an astonishing £32bn.

The deficit was £10.2bn in the second quarter alone, giving an indication of the very large scale of the cutbacks which the company sector will have to make - certainly of physical investment and stocks, and maybe of dividends too. Yet the second quarter's net borrowing requirement was just £3.6bn, compared with anything up to £22bn a quarter in 1989. The implication is that companies have begun a clear-out of financial assets, which is how bear markets happen.

The recovery from 1980-81 was essentially about the physical restructuring of industry; what we face now, as in the mid-70s, is a financial restructuring. Ballooning bank lending of well over £30bn to the property sector must somehow be refinanced, and many individual companies which have imprudently relied on debt will need hefty injections of equity.

A bear market is essentially the process through which expectations are transformed. Asset prices are no longer set by the most aggressive players in the market place, but instead by some of the most cautious (or the most distressed).

Companies which refused to raise new equity capital because they had unrealistic views of their worth, compared with some previous bull market peak, eventually change their tune after a brush with financial danger. Still, they prefer to wait until after the bottom; to raise money on a declining market smacks of desperation, but to do so on a rising market can be portrayed as a clever exploitation of a favourable trend.

But in the meantime stock market activity dries up, prices drift, big securities firms agonise over the yawning gap between income and outgoings, small investors begin to panic and the big investment institutions are content to let their liquid balances accumulate. Every day they do this during a bear market they are beating the index.

But this is a very unstable situation. The insurance companies and pension funds probably have about £25bn in liquid assets, and expect to receive the same again in new funds over the next twelve months.

That is a lot of buying power waiting on the sidelines. We have already had one temporary surge in prices this year, in May when the Footsie climbed by some 14 per cent within a few weeks. Another turnround, when it comes, could be very sharp.

When might that be? The big difference compared with 1974, I think, is that the UK equity market is now much more open to international influences.

In 1974 London continued to head on downwards for three months after Wall Street had turned, but I cannot see that happening again. In an era of free movement of capital it would be impossible for real profits to be squeezed in the UK as badly as they were in the 1970s, and for share prices to move so independently.

International factors are therefore going to determine the length of the bear market. Developments in the Gulf will be important, but it is also reasonable to expect that there will be some major bank reconstructions and collapses over the coming months in the US, the UK and elsewhere, and the stock market will remain under a cloud until these are seen to be out of the way.

In London there are some grounds for believing that relatively good fundamentals will limit the downside risk. In Japan the stock market is already down 40 per cent this year with no bottom in sight.

Japan is in a class of its own, and the key market internationally is likely to be Wall Street. I doubt that the upturn will come this year, unless there is an unexpectedly quick and clean solution in the Gulf.



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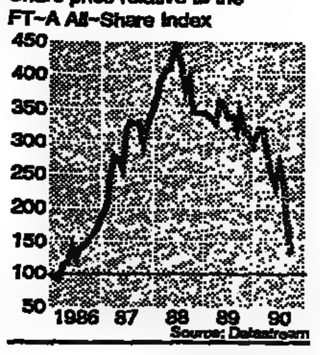
# MARKETS

## FINANCE & THE FAMILY: THIS WEEK

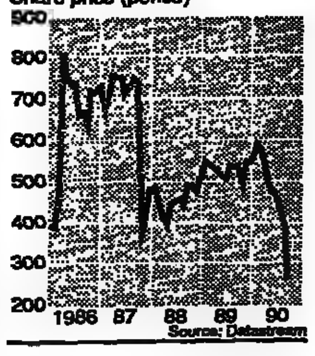
**Brent Walker**

Share price relative to the FT-A All-Share Index




**Standard Chartered**

Share price (pence)




### Brent Walker still out of favour

Brent Walker's announcement of a 52 per cent increase in pre-tax profits this week did little to calm the market's disquiet about the company. Traders paid more attention to the unchanged dividend, the possible dilutive effect of an £100m to £120m convertible bond issue and to a £50m writ against the company from Grand Metropolitan. The shares now stand at only a third of their 1990 peak of 376p. *Philip Coggan*

### Standard Chartered dividend fear

Judging by the slump in Standard Chartered's share price this week, investors are beginning to question one of the hallowed tenet's of UK bank investing lore: big banks do not cut their dividends.

At one stage Standard Chartered's shares were yielding 18 per cent, more than three times the UK market average. Even during the depths of the 1973/74 and 1981/82 recessions, the weakest UK clearing banks never yielded more than 13 per cent.

Rod Barrett, Goldman Sachs' UK bank analyst, forecasts that Standard will hold its 35p dividend. But even he does not rule out the possibility of a cut. *William Hall*

### Money-back funds launched

TWO NEW funds offering to match the FT-SE 100 Index, or give you your money back, have been launched. Clerical Medical is offering a five year bond which will almost match the index. Investors will not receive any income; the dividend on the underlying shares will be used to buy put options so that Clerical Medical can guarantee to return your original investment. There is no buy-sell spread, provided the bond is held for the full five years.

A different approach is followed by Scottish Provident, which has launched a second issue of its Capital Guarantee Bond. Investors who buy this three year issue will be putting 90 per cent of their money in a Blue Chip Fund and the rest in protector units which will be used to provide the money-back guarantee. However, since only 90 per cent of the investment is going into the tracker fund, you will not benefit from the total rise in the index over the period. Minimum investment is £5,000 in both cases. *P.C*

### Trusts promotion falls flat

The Association of Investment Trust Companies is having a hard time persuading its members that they need to stump up more money to promote their cause. The AITC tried to raise its budget for promotion from £1m to £5m this week, so that it could launch a TV advertising campaign and telephone helpline for people interested in learning about share investment. However, members are unwilling to raise their contributions by the requisite amount. A new figure for the budget will go before members next week, but is likely to be considerably less than £5m. *Sara Webb*

### Midland raises card charges

Midland Bank is increasing the interest rate charges on its Access and Visa cards from 2.2 per cent to 2.35 per cent per month (equivalent to an APR of 32.1). The new rate comes into force on Monday, October 1 for the regular Access and Visa cards, and on October 15 for Midland's Artscard, Care card and National Trust card. *S.W*

### Fund manager sacked by M&S

Marks & Spencer has sacked Mercury Asset Management as one of the five managers of its £83m unit trust, the M & S Investment Portfolio. Nearly two years after the launch of the fund M & S decided that Mercury — one of the UK's biggest fund management groups — was not properly following its brief, which was to run an active, aggressive UK equity portfolio and if possible beat the All-Share Index. The £8m slice of the fund has now been taken over by another big City manager, Robert Fleming. *Barry Riley*

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**It's best to know your options**

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## LONDON

# Major fails to stop the sound of ticking

EVERYBODY seems to agree it was an audacious move. In spite of all the precautions put in place by the British government, somebody slipped into the annual meeting of the International Monetary Fund and planted the word recession, right under John Major's nose.

Had it not been for the chancellor's swift action, the device would have gone up in his face.

Nobody was prepared to claim responsibility. The finger of blame first pointed at that notorious collection of subversives, the Confederation of British Industry. A damaging survey published on Monday had all the hallmarks of a CBI terrorist attack: confidence among UK manufacturing companies was at its lowest for eight years, read the report, and demand was weakening.

The market did not like that, especially when added to a sharp rise in oil prices. Even though current account figures for August turned out to be better than expected, equities could not be revived: the FT-SE 100 Index fell 35.2 points on the day, through the 2,000 barrier, to close at 1,990.3.

In mid-week, the mystery of who was responsible for recession rumours took another turn as the behaviour of the media began to arouse suspicion. Journalists seemed to spend much of the time slinking around in grubby gaberdines and trilbies, sniping at the government's economic policy – clear evidence of guerrilla warfare. Margaret Thatcher was at her most trenchant in a speech on Wednesday: the "voices of gloom" and self-doubt were talking the country into a crisis, she said, stopping just short of declaring use of the word recession a treasonable offence (Careless Talk Costs Jobs).

At the same time, John Major was informing the IMF and World Bank in Washington that *future* movements in inflation would be the crucial factor in determining the date of British entry into the exchange rate mechanism of the European monetary system. ERM had credibility as a counter-inflationary weapon, he said; sadly, the Treasury no longer has much credibility as a forecaster of economic trends. Picking the right moment for ERM entry is as problematic as ever.

Of course, there is one further suspect in the Great Recession Whodunnit – the government itself – but it is strangely absent from the list of scapegoats.

Footsie ended the week down 35.3 points at 1990.2 last night, the lowest since early 1989, when the market was on the way up. Seen purely in terms of historic performance, a body blow such as open war in the Gulf could now send the index tumbling below 1,900. No wonder it has been hovering nervously at around 2,000 for most of the week.

For further graphic evidence that the bad times are here one need only look at the FT-Actuaries capital goods index – which covers the building, engineering and electronics industries. It now stands at its lowest point against the market since 1965. As recently as March, S.G. Warburg analysts were forecasting 3.5 per cent growth in 1990 earnings per share for the capital goods index; the latest figures predict a slump of nearly 12 per cent.

If there has been any reason for optimism in the equity market it has been the apparent resurgence in takeover activity. It started last Friday with the £78m hostile bid for Caird Group, the waste disposal company, by Severn Trent, and continued on Monday with Brierley Investments' unwelcome £644m cash offer for Mount Charlotte Investments, Britain's second largest hotels group.

For most investors however, the prospect of takeover is a distant hope at best; in the day-to-day turbulence of the market, sustaining fragile credibility now seems almost more important than dividend or earnings growth.

If and when shares in Polly Peck International return from suspension, the fruit trading and consumer electronics group will have precious little of the first asset to distribute to shareholders. Trading in the Footsie stock cannot resume until a detailed statement emerges about the company's affairs; yesterday there was still no word from the board.

Voices of gloom are clamouring at Brent Walker too. The leisure group's shares fell 17p to 103p this week, against a 1990 peak of 376p, despite a 52 per cent increase in interim pre-tax profits to £45.6m. The City is worried about the group's balance sheet, which shows net debt of £1.15bn, and a worsening legal bout with Grand Metropolitan over a disputed last instalment on Brent Walker's off-balance-sheet purchase of the William Hill and Mecca betting shop chain.

There were fewer obvious reasons for some of the week's other share falls. On Wednesday, for example, a selection of stories surrounding Standard Chartered, including its role as lead adviser and a substantial lender to Polly Peck, cut 30p off the bank's shares. They ended the week down 33p at 269p.

WPP Group – one of the world's more resilient marketing services companies – sustained a sharp fall in its share price. Investors, panicked by the continued weakness of the advertising market, lopped 14 per cent off the group's market value over the week. The shares slid from 450p to 386p.

Construction companies exposed to the UK market are still suffering – Tarmac, Britain's biggest housebuilder, and Beazer both reported downturns in profits – but continental Europe is proving a more than adequate shelter for some of their fellows. Last week RMC was buoyed by the performance of its West German operations; this week, the building materials groups Steetley and Redland both found their ailing domestic operations offset by strength outside the UK.

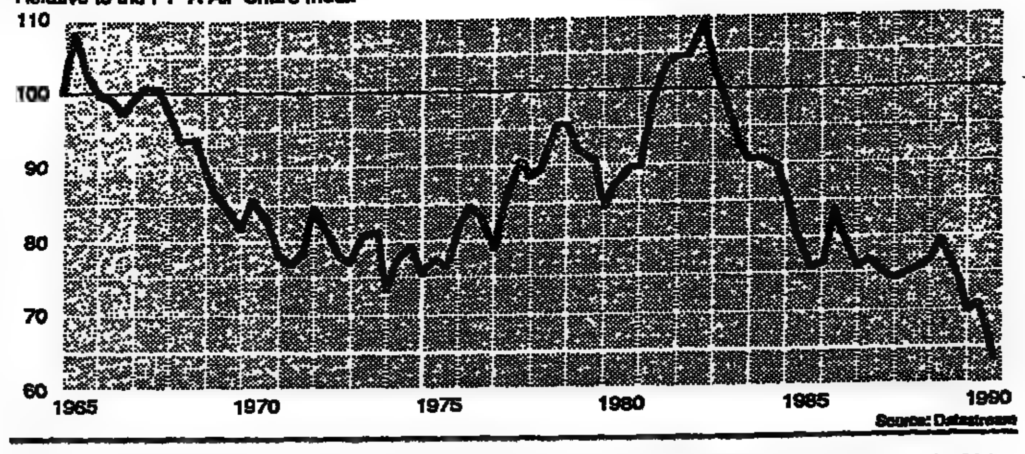
The building companies should at least be able to ward off the more drastic side-effects of recessionary pressures. Figures from the Association of British Insurers on Monday showed a sharp increase in fraudulent fire loss claims: it seems desperate owners are torching their factories and offices and trying to claim on the insurance, rather than continue trading.

The choices for the government – with high inflation, high interest rates and a general election looming – are looking almost as stark. Unfortunately for Thatcher and Major, there is no such easy way out. They may have submerged the timebomb of recession in waffle for the time being, but they have yet to defuse it.

**Andrew Hill**

**FT-Actuaries Capital Goods Index**

Relative to the FT-A All-Share Index




**HIGHLIGHTS OF THE WEEK**

| | Price y'day | Change on week | 1990 High | 1990 Low | |
|---|---|---|---|---|---|
| FT-SE 100 Index | 1990.2 | -35.3 | 2463.7 | 1990.2 | Recession worries |
| BET | 188 | -20 | 278 | 185 | Brokers downgrade |
| Blackwood Hodge | 29½ | +8½ | 43½ | 14½ | Agreed offer from BM Group |
| Clayform Props | 95 | -26 | 239 | 93 | Very poor half year figures |
| Connell | 192½ | +57½ | 205 | 118 | Agreed bid by Scottish Widows |
| Fitch Lovell | 288 | +17 | 299 | 188 | Booker bid not referred to MMC |
| Granada | 140 | -19 | 357 | 140 | Broker downgrades |
| Havelock Europa | 105 | -27 | 144 | 102 | Ahead of October 8 interim results |
| MAI | 98 | +10 | 124 | 86½ | Annual profits exceed expectations |
| [illegible] Group | 150xd | +18 | 231 | 125 | Broker's buy recommendation |
| Mount Charlotte | 70 | +10½ | 75 | 57 | Bid from Sir Ron Brierley |
| Redland | 502 | +32 | 641 | 451 | Good interim figures |
| Sintrom | 20 | -29 | 80 | 20 | Profits warning |
| Standard Chartered | 269 | -33 | 616 | 251 | Worries about bad debts/Polly Peck |
| WPP Group | 386 | -64 | 715 | 318 | Share sales/NatWest reviews account |

## WALL STREET

# Autumn chill is in the air

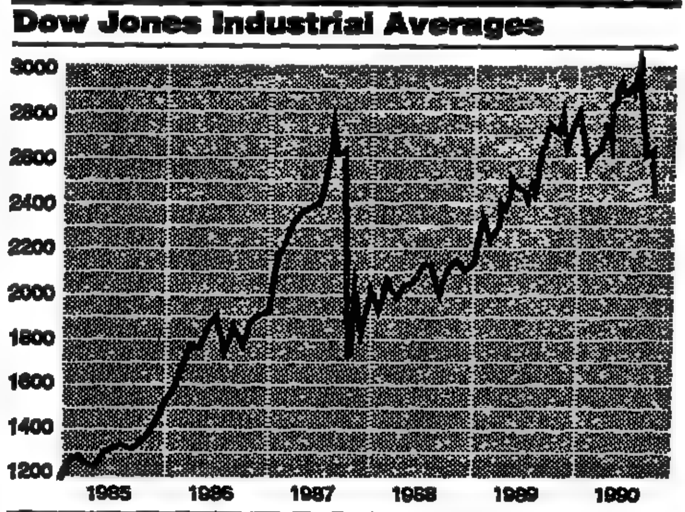
THE SHADOW of Saddam Hussein hangs low and long over Wall Street. As oil prices headed towards $40-a-barrel this week and the toll of corporate casualties continued to mount, the conviction that this is the onset of a recession-driven market, rather than a correction after a breezy summer begins to be widespread. "The bear is back," claimed one newspaper headline last week.

Already, Wall Street players talk wistfully about what might have been – about the halcyon days last July, for example, when market indices clambered to new highs and, for a short while, a revival in corporate activity seemed possible. The new scenario is of higher energy costs tilting the fragile economy towards recession. According to this depressing tale, the inflationary impact will delay any cut in interest rates. Investment plans will be curtailed. And acquisition activity will no longer allow Wall Street to recapture its speculative fizz.

The real doomsters go further still. They point to the delicate state of corporate balance sheets and to the high debt burden carried by many companies. It was a point underlined this week by new Commerce Department figures showing that interest expenses claimed 26 per cent of US corporations' cash-flow in the second quarter of 1990. Back in 1987 and early 1988, that figure was barely 15 per cent, and today's level already outstrips the 23 per cent of the recessionary downturn in the early eighties.

"Given today's leverage, you could have a recession that is only half as deep as the last one, but whose effects are far more devastating financially," says one senior investment banker.

**Dow Jones Industrial Averages**




Small wonder, then, that Wall Street should have sunk to its lowest levels of the year this week. The Dow Jones Industrial Average fell heavily in three of the first four trading sessions, taking its lead largely from the oil price movements, but also heeding equally doleful trends in Tokyo. By Thursday night, it had reached 2427.48 – the weakest closing level for 16 months. Moreover, yesterday's trading started with nearly 50 additional points sliced off the Dow, although by mid-morning a significant, if somewhat hesitant, rally from the worst levels appeared to be under way.

Well to the fore throughout the week's slide was the troubled banking sector. Chase Manhattan's decision last week to cut its dividend was echoed on Thursday by Bank of Boston, the largest regional bank in New England – the announcement of the slashed payment being coupled with job losses and a forecast third quarter deficit of $200m to $250m.

But there was plenty of woe elsewhere. In the hotel sector, for example, where Marriott shares fell heavily as the company announced postponed investment plans and a slump in third quarter profits. In the troubled airline industry, USAir suspended dividend payments indefinitely. In the technology sector, the Unisys share price hit a four-year low, after the computer manufacturer announced a similar dividend axe.

The one relatively cheery trading session came on Tuesday, when the Dow managed a 32-point rally. It was, admittedly, pinned largely on a temporary retreat in oil prices, but sentiment was also helped by Matsushita Electric's interest in acquiring MCA. That, perhaps, offered reassuring evidence of a fillip from foreign predators.

Events in Washington were also being scrutinised with intense interest, and hopes increased that the budget talks would finally produce agreement before the October 1 deadline for mandatory cuts. A credible package, runs the argument, might enhance the chances of interest rates easing – and that, in turn, could provide a tonic for both the bond and equity markets. As for events in the Middle East, Wall Street can only watch; certainly, it will take more than the US government's decision this week to tap the strategic petroleum reserve for 5m barrels to persuade the markets than oil prices are going south again.

Some pundits predict a short-term correction in the US market after the recent falls. But, longer-term, the autumnal nip in the air could easily become a lengthy chill.

| | | |
|---|---|---|
| Monday | 2452.97 | – 59.41 |
| Tuesday | 2485.64 | + 32.67 |
| Wednesday | 2459.65 | – 25.99 |
| Thursday | 2427.48 | – 32.17 |

**Nikki Tait**

## Smaller Companies

# Reformists go it alone

WHILE THE Stock Exchange is gradually considering ways to enhance the market for smaller company shares, some restless practitioners are pursuing reform on their own.

Last week Brian Winterflood, head of Winterflood Securities, announced that he would no longer keep on his books those smaller companies for which he was the sole market maker, unless they paid him a fee. Meanwhile, Adrian Bradshaw, managing director of Arbuthnot Corporate Finance, was gathering support for his campaign to scrap the Unlisted Securities Market and create a new, improved Smaller Companies Market.

Structural reforms might seem somewhat remote from the concerns of individual investors. But they could result in smaller commissions, smoother transactions and a greater volume and variety of stock in which to trade.

There is no doubt that interest in smaller companies has been on the wane. New issues are down to a trickle, investment houses and analysts are turning their backs, and the volume of share transactions has fallen sharply.

As a result, Brian Winterflood's decision was merely a matter of time. The firm concentrates on these companies, and low trading volumes have cut profits. For the 65 or so companies for which he is sole market maker, the problem is acute. It has long been his complaint that his firm maintains prices, which brokers then use as the basis for deals that avoid the market makers entirely and so deny them any commission. Alternatively, brokers may buy shares with virtually no marketability and then sell them on to Winterflood. "They have become 'fair weather' jobbers who use us as a dustbin," he says.

Hence the letter to his companies, in which he explains that he will de-register them on October 8, unless they are willing to pay £5,000 a year to cover his costs. "I could have de-registered them at any time," he stresses. "I didn't need to send them a letter or offer an alternative but did so out of courtesy."

The companies' shares can still be traded, using the "Delta noticeboard" on trading screens, which displays buy and sell requests with approximate prices.

The problem with Winterflood's actions, as Arbuthnot's Adrian Bradshaw is quick to point out, is that they are driven by commercial imperatives. "It does nothing to improve liquidity or address the market's structural imbalances," he says.

Bradshaw has a more elaborate solution involving the creation of a Smaller Companies Market, ideally under the control of the Stock Exchange, with four key differences to the existing USM:

- an index-linked market making fee of £5,000 for transferring companies and £2,500 for new entrants, which would be pooled and divided between market makers pro-rata based on their turnover of shares during each year
- 35 per cent of smaller company equity to be in public hands (compared with a current 10 per cent minimum on the USM). Of the 35 per cent, 20 percentage points could be "deferred equity" in the form of convertible redeemable preference shares, an alternative to bank financing
- smaller company unit and investment trusts to qualify for the full £6,000 limit in Personal Equity Plans (PEPs), thereby giving investors greater tax relief, plus a 25 per cent corporate tax rate for companies with profits of less than £1m.
- Commission on deals in the smaller companies to be reduced by 20 per cent.

Bradshaw's arguments are not entirely altruistic. He stands to gain business by offering quotation advice and arranging financing deals for the preference shares. "But what benefits us, benefits the market," he points out.

For investors, there are clear advantages to a more liquid market. Greater trading volumes with more market makers would reduce spreads, cutting the cost of transactions. Liquidity would also reduce the sharp rises and falls in share prices characteristic of illiquid stock. A larger proportion of tradeable equity from smaller companies would give individuals more chance of buying these shares. It ought also to allow institutions to sell their holdings more easily.

The Stock Exchange is moving rather more slowly. It argues that structural factors alone will not improve liquidity in smaller company stocks, which is chiefly the result of the current bear market. Others suggest that some quoted companies should never have gone public and that trading in their shares will always be sporadic. But many worry that investors have been so badly burnt by their experience with smaller companies that they will not return to them even during more bullish times.

"Most of the lack of marketability stems from the current economic malaise," says John Cobb, chairman of the Association of Private Client Investment Managers and Stockbrokers. "If the buyers don't want to come to the market, there is nothing we can do."

However, he is hearing a growing number of reform proposals for smaller company trading, and his members will be meeting next week to discuss their own proposals.

**Andrew Jack**

## Company Profile

# THF plays it slow but steady

TRUSTHOUSE FORTE is the sort of company that appeals to many private investors. Its assets and activities are highly visible and shareholders can also feel they are participating in the company through staying in THF hotels or eating in its restaurants. Shareholders get a 10 per cent discount on THF hotel rooms and many take full advantage of this and other special offers.

It would in any case be hard to ignore THF: its spread of operations as the UK's biggest hotel and catering group means that it reaches most consumers at some stage.

Its range of accommodation covers up-market business and conference hotels, through to mainstream business hotels like the newly-acquired Crest chain, and down to budget operations known as Travelodges. Restaurants also cover the whole spectrum of eating out, from the Wheelers fish chain through to the trendy Dome cafe-bars and popular outlets such as Harvester, Kentucky Fried Chicken, and Little Chef.

But there is more to THF than meets the eye. It operates motorway service areas, airport duty free shops and catering, and corporate entertainment facilities at Royal Ascot and other special events through its Ring & Brymer subsidiary. THF is also Britain's biggest contract caterer, providing food and beverages in schools, hospitals, and many companies.

Given its exposure to so many areas of leisure and business spending its results this week came as a relief to City analysts, who feared that the sort of horrors that have beset other leisure stocks in recent months might be unveiled. THF's interim results for the half-year to 31 July, in fact, were dull rather than unexpected: pre-tax profits remained a static £114m after allowing for interest and property disposals.

But on a trading level, which more accurately reflects how the company is actually doing, profits were some 9 per cent ahead at £150m. Not spectacular, but steady, was the City's verdict. In other times, such a description would be considered damning: in the present nervous market for leisure shares, a solid performance is welcomed with open arms.

THF, in fact, has a lot of corporate qualities that come in useful in a recession but look a trifle dull when times are more bullish. Foremost among these is the fact that it is a very prudent company, taking few risks and often plumping for joint ventures. THF has expanded, for example, its Travelodge/Little Chef chains in Spain and Ireland through linking up with local operators; it also has a joint deal with Pepsico to operate Kentucky Fried Chicken fast-food outlets in the UK.

THF is also a firm believer in owning and running its hotels itself, rather than on management contracts as do most other international chains. Other strengths include an eye for a good deal: the £300m buy from Bass of the Crest chain earlier this year was made, so most observers agree, at a fair price and filled the gaps in THF's UK hotel network.

The company also shows it can respond with clever tactical marketing when demand falters, as it did in the provinces this year. It offered special deals, such as three nights for the price of two, in selected hotels aimed at the 80 per cent of the adult population who never stay in a UK hotel.

However, some of THF's strengths in present market conditions are also its weaknesses. It has been far too slow in expanding into continental hotel markets, which can help balance any cyclical downturn in the UK. Essex-based hotel chain Queens Moat Houses has paved the way in Europe and left THF lagging.

THF at times can also be a little arrogant: the belief that "we know best" can lead it to ignore market signs, such as the slow-down in provincial bookings. Its acquisition, moreover, of the Kennedy Brookes hotel and restaurant group in 1988 subsequently uncovered unexpected losses.

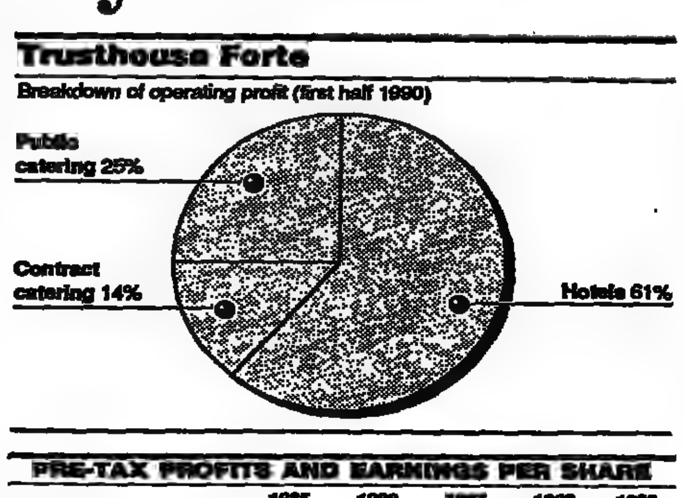
But the biggest potential question mark over THF must be over its lengthy and acrimonious takeover battle with the Savoy Group during most of the 1980s, which did little to enhance THF's reputation. However, at least the present truce between the two sides means that it can now rather more firmly keep its eye on the ball during the current trading uncertainties.

What can shareholders expect now from THF? More of the same is the most likely strategy, with a gradual acceleration on to the continent: expect a joint deal with an Italian company to be announced shortly to develop a budget chain in Italy. Brokers are looking for about £250m pre-tax in the full year, which puts the shares on a multiple of about 9¼ times earnings, slightly above the average for the sector.

**David Churchill**

**Trusthouse Forte**

Breakdown of operating profit (first half 1990)




**Trusthouse Forte subsidiaries**

Forte Hotels, Gardner Merchant, Happy Eater, Kennedy Brookes, Lillywhites, Little Chef, Puritan Maid, Travel Lodge, Welcome Break, Wheeler's

**PRE-TAX PROFITS AND EARNINGS PER SHARE**

| | 1985 | 1986 | 1987 | 1988 | 1990 |
|---|---|---|---|---|---|
| Pre-tax profits (£m) | 129.6 | 136 | 180 | 232 | 260 |
| Earnings per share (p) | 11.1 | 12.4 | 16.3 | 22 | 25.9 |

Figures for 1985-88 refer to year to end October. The figure for 1990 is for the year to end-January.

FINANCE & THE FAMILY

# How to pick stocks in gloomy times

**Philip Coggan** considers four different strategies for portfolio builders

GLOOM AND doom is in the air. The FT-SE 100 index fell briefly below 2,000 this week; the headlines talk of war and recession; even the nights are getting shorter.

In times like this, bold investors may be looking for stocks to buy, especially as a 40 per cent taxpayer is now receiving a negative real return from a building society. Last week we looked at the investment ratios and concluded that shares were undervalued, compared with the long term averages, although only by around 15 per cent. Given our caveat that equities are long-term investments and that investors should not buy them unless they can live without the money for five years or so, are there any investment rules that allow us to pick individual stocks?

The dividend yield on shares is one of the best rules of thumb for investors. Several blue chip companies now offer yields within 2-3 per cent of the yield on long gilts; the differential has rarely been so narrow. Modest assumptions for dividend growth from such companies ought to make them good value.

We can start by taking a strictly arithmetical view and pick the ten alpha stocks with the highest historic yields. That would result in a portfolio (percentage yield in brackets) of: Next (32.9), Standard Chartered (17.4), Berisford International (16.8), Burton (15.9), Polly Peck (15.8), Cookson (14.8), Maxwell Communications (13.3), Trafalgar House (12.7), Bunzl (12.1) and Midland Bank (12.1).

This would be an extremely high risk portfolio. The market evidently feels that any of the above companies may cut their dividends; it is a racing certainty that some of them will; and one or more may go bust.

To add a degree of safety one could knock out all those companies in this list with dividend cover of under two times. That would eliminate Bunzl, Maxwell Communications, Next and Standard Chartered. Berisford can also be ignored because it has already passed its dividend and since shares in Polly Peck are suspended we can conveniently ignore it as well.

The remaining four stocks are Burton, Cookson, Trafalgar House and Midland Bank. To construct a broad high yield portfolio, we can move down the yield list and select those shares with more than twice cover and add Granada (11.3), FKI (10.7), Beazer (11.2), National Westminster Bank (10.0), T&N (10.1) and British Steel (9.5).

The portfolio is still high-risk, although buying shares at the moment is risky in any case. There are plenty of worries about the gearing of Cookson, the sizeable debt of Beazer and the property involvement of Burton and Trafalgar House. But at least the list has a nice spread. Banking (Midland and Nat West), leisure (Granada), electricals (FKI), engineering (T&N), metals (British Steel) retailing (Burton), construction (Beazer) and a conglomerate (Trafalgar House).

So for those private investors without nerves of steel, are there any other ways of constructing a portfolio? Another method would be to select the stocks with the lowest price/earnings ratios (ignoring those making a loss). Of course, this still involves risk. Shares are normally only on low earnings multiples because markets fear their profits are about to fall, or at least stagnate.

But we can do some refining. Before we get to our list, we will rule out the shares which appeared in the high-risk, high-yield portfolio, or have less than twice dividend cover. We will also rule out the water companies which have yet to produce a full year of post-privatisation figures.

The result (historic p/e ratios in brackets) is British Airways (4.0), Tate & Lyle (5.4), Siebe (5.5), Pilkington (5.6), GKN (5.8), RMC (6.3), Royal Bank of Scotland (6.4), Carlton Communications (6.6), RTZ (6.6), and Williams Holdings (6.7). Again the spread is good with two engineering groups (Siebe and GKN), glass (Pilkington), mining (RTZ), building materials (RMC), banking (Royal), media (Carlton), foods (Tate & Lyle), transport (BA) and a conglomerate (Williams).

There are some good solid company names in that list, but I cannot claim, of course, that these shares are bound to go up. The two portfolios have been selected with the aid of a couple of rules of thumb and a Datrastream terminal. As a journalist, I am no more likely to be able to pick stocks than the average greengrocer.

A different approach is to find out what the experts are recommending. Alan Jones, an equity strategist at Phillips & Drew says that his list concentrates on the cyclical stocks which will do well if the economy recovers. The defensive stocks, which will prosper in bad times, have already gone to premium ratings. And if the economy does not recover, Jones argues, it is not worth buying stocks at all.

His list is RMC, BICC (cables and construction), British Steel, GKN, Trusthouse Forte (hotels and catering), Reed International (publishing), Kingfisher (stores), BOC (gases), Courtaulds (chemicals), TSB (banking) and the Midland.

According to Datastream, the average p/e ratio of that portfolio is 8.2 and the average yield is 7 per cent. That compares with an average p/e on the FT-500 Share Index of 9.5 and an average dividend yield on the All-Share of 5.8 per cent.

Stephen Carr, equity strategist, at Warburg Securities, says that his first consideration is his view that the economic outlook for 1991 is going to be pretty difficult. "The market has underestimated the pain that is about," he says.

Carr has chosen a portfolio to stand the trials of the next year. He picks: Boots, J Sainsbury and Marks & Spencer (all retailing), Reckitt and Colman and Cadbury Schweppes (foods), Glaxo (pharmaceuticals), Abbey National (banking), Pearson (the conglomerate which owns the Financial times), British Steel and RMC.

According to Datastream, the average p/e ratio of that portfolio is 11.1 and the average yield is 4.9 per cent. Note that Carr has chosen a large proportion of defensive stocks which have already had their prices marked up by investors. The yield is lower and the p/e higher than the market average.

In contrast, the Jones portfolio, is based more on the chances of recovery and his list therefore has a lower p/e and higher yield then the market.

We have devised four portfolios for those who wish to dive into the choppy waters of the current stock market. If the stock market collapses further because of a financial collapse or a Gulf war, all these portfolios may lose value. But one is likely to prove good long-term value, especially if interest rates fall. Choosing which one has to be up to you.

# Rodamco blow

INVESTORS IN Rodamco, the Dutch property fund, received a nasty shock this week when the fund suspended its policy of buying back its shares at net asset value.

The share buy-back policy had previously meant that the property group was priced as a unit trust – at net asset value – but the change meant that the company became the equivalent of a conventional property company, which traditionally stand at discounts to their asset values.

The result was predictable – when the shares resumed trading after a two-day suspension, they fell by 20 per cent.

The Dutch group was forced to change its policy because fears about the property market had prompted investors to sell 20 per cent of the shares back to the company over the last nine months. Further sales would have forced Rodamco to start liquidating its property portfolio, possibly at substantial losses.

The company had already warned that returns on its portfolio might be as low as 4 per cent this year, following 7.9 per cent last and 14.5 per cent in 1988. Investors duly decided to take the easy exit.

One look at the geographical spread of Rodamco's portfolio probably explains why investors have been so nervous. The largest proportion – 40 per cent – is in the US and the next largest – 34.3 per cent – is in the UK. Both markets are suffering badly at the moment.

However, André Mulder, of Barclays de Zoete Wedd, says that a large proportion of Rodamco's US properties are regional shopping malls, which have not been affected by the collpase in the office market. Nor are Rodamco's prime properties, he believes, likely to be affected by the vast sales currently being made by the Resolution Trust Corp, the US govenment body which is tidying up after the collapse of the savings & loans industry.

**Philip Coggan**

# A PEP with choice

AN investment trust-based PEP which allows customers to choose between income, growth or a mixture of the two, is being launched by Moorgate Investment Management.

Investors will be able to put PEP funds into one of four categories of shares in two trusts, and can switch between the shares up to twice a year. The choice is between the high income shares of the General Consolidated Trust (GCIT), yielding 12.3 per cent, the capital shares of GCIT, the stepped preference shares of GCIT, which aim to give pre-determined capital and income growth, and the ordinary shares of the Moorgate Investment Trust (a mixture of income and capital). Initial charges are 2 per cent; annual management fee 1.25 per cent.

WHITTINGDALE is relaunching the old Savings Corp Income Fund as a Gilt Income Fund. The fund, which will offer a yield of around 11 per cent, will aim to preserve investors' capital. Patrick Whittingdale, chairman of the fund management group, feels that the developing credit crunch could result in a bull market for gilts. The minimum investment is £1,000.

THE FIRST trust has been launched by the joint venture established by the Halifax Building Society and Standard Life Assurance. Global Advantage is a combined unit trust and PEP. Investors can save between £50 and £250 per month, or up to £3,000 per annum. The trust will invest in both UK and overseas equities.

FT reader **Harry Hopkins** on awful agms

# Could we have better biscuits next year?

DIRECTORS ritually proclaim that a company belongs to its shareholders. In practice, as Lord Tombs pointed out to a packed Rolls-Royce meeting at the Queen Elizabeth Conference Centre, in London, the annual general meeting is the only occasion in the year when the ordinary shareholder may have his say.

"It just needs someone to break the ice," Lord Tombs said encouragingly, appealing for questions. "I am hoping for a lively discussion."

Having sat through many agms I feel it safe to say that many chairmen neither want, nor are likely to get, a flourishing debate – although it might benefit them greatly if they did. All too clearly, their main aim is to get limp hands raised to pass the resolutions tediously required by the Companies acts.


Questioners at agms tend depressingly to fall into several well-defined types. Unflagging are the amateur – or possibly retired – accountants who have detected some minor alleged discrepancy in the accounts, which no-one else in the meeting can understand. Then there is the stentorian loyalist who has held the company's shares, man and boy, for a quarter century and will do so until the seas run dry.

Another regular is the shareholder with the northern accent who, citing the reserves, demands: "What about a bonus issue?" Then there is the matron who got up at 6.30am to make the journey from Devizes and recounts, in poignant detail, difficulties experienced in purchasing a teapot in one of the company's stores.

Or the elderly woman complaining of the difficulty of selling her two shares – a gambit neatly dealt with by the chairman of the ADT conglomerate, Michael Ashcroft, who took out his wallet and bought them on the spot.

A hardy annual is the shareholder scourging chairmen for the lack of women on the board; another recent breed complains about the directors' self-awarded pay rises.

With so predictable and dreary an outcome, one must wonder why any shareholders bother to attend. Some no doubt hope to learn something to their advantage: it can be useful to find out whether the chairman really knows his own business.

There are the attractions of a trip to town with free refreshments in the luxurious surroundings of the Dorchester or Savoy. At an AGM for engineering group Baker Perkins, my wife heard a woman complaining of the buffet – "last year we had a sit-down lunch."

Then, of course, there are the "takeaways." Shareholders in the sweet manufacturers Barker and Dobson were to be seen staggering from its agms with bulging carrier bags of jujubes, humbugs, de luxe chocolates, Vicks – or was it Hacks? – and Dime bars, an innovation which, I seem to recall, was to be its salvation.

Dalgety provides liberally for the family cat or dog – with pot noodles and crisps for its owner; fellow food manufacturer Unigate offers samples of cheeses and other dairy products, replenishing the larder; while this year, ADT presented each shareholder with a London Marathon cap, ballpoint pen and keyring.

The masses of small shareholders in the privatised state enterprises have brought some change to the traditional agm, encouraging the use of professional stagers and electronic aids. An ADT meeting started in darkness, with the directors sitting silent while a video of the ADT-sponsored London Marathon was run over their heads.

More and more AGMs deploy vast video screens. The meeting for engineering group Rolls-Royce opened beneath a giant circle of gleaming turbine blades and the slogan "Power through performance". A programme featured colour portraits of the "stars" on the board and as they filed to their seats, a disembodied voice exhorted shareholders to "Give a welcome to your directors".

The dangers of the agm becoming a show rather than a forum are obvious. The key continues to lie in the personality and philosophy of the chairman. After the first 4,000-strong British Telecom agm one shareholder was reported as complaining: "It was as if the headmaster was obliged to read a report to his pupils, whose views he felt were ill-informed and insignificant . . ."

Not all can possess the charisma of former ICI chemicals chief Sir John Harvey-Jones who, in conversational man-to-man tones, could have a meeting eating out of his hand.

But chairmen should at least be able to treat the shareholders as participants in their company and be able to "level with them."

Michael Montague, of security products and home appliances group Yale and Valor, John Fletcher, of supermarket chain Budgens, and Sir Peter Parker, at the Evered conglomerate, all manage this.

This year I happened to attend two agms within ten days. The first, Haden MacLellan, the industrial holding company, was over in 15 minutes. Questions were invited but – perhaps it was the austere surroundings of the Royal Aeronautical Society – none were asked. Although the news was good, people seemed dissatisfied.

The second agm was Evered's, under its new chairman, Sir Peter Parker, at the Savoy. It was relaxed, amiable and, as almost all the directors were drawn in to explain the mysteries of quarrying and seabed gravel dredging, it almost became a seminar, stimulating questions. It lasted more than an hour, and although the immediate outlook was not good, I for one went away confident.

"I hope I have shown this is an open company," said Parker. He had, but unfortunately, few companies treat their shareholders in this way. The power of the millions of proxy votes from absentee institutions brings out the dismissive headmaster in the chairman. Yet – as the sad tale of the battery group Chloride underlines – the cost of telling shareholders as little as possible can be high.

Over five successive years of chequered fortunes and then mounting losses shareholders put forward their own candidate for the board, a former Chloride research director. The chairman, Sir Michael Edwardes, refused information on the too familiar grounds that it might help competitors. Edwardes, a severe finger wagging "headmaster", was duly succeeded by a brisk no-nonsense PT master, Brian Horrocks, who offered little information except that "everything was being considered."

Over the last two disastrous years the shareholders' candidate for the board was, after bitter speeches, elected by the shareholders present with acclaim. Elected for just as long as it took to count the proxy votes of the anonymous absent institutions – which was a couple of hours.

With the Labour Party planning to end the trade union block vote, it scarcely lends conviction to the slogan of a "shareholder democracy."

# Know your options

## David Cohen on a U-turn by the taxman that is causing concern

SOPHISTICATED anti-avoidance legislation has left few opportunities for UK employees to receive tax-free remuneration. The most lucrative remaining potential loophole is for an executive to defer exercising rights under a share option scheme until he has emigrated. But this chance is under threat because of an Inland Revenue volte face.

The basic idea of a share option scheme is straightforward. Executives are given the right to buy shares in their company in the future at a fixed price – usually the market value of the shares when the option is granted. If the share price rises during the option period the executive can "exercise" his option and buy the shares. Should the price fall, he can let the option lapse.

Leaving aside Revenue-approved options for the time being, a UK resident who exercises an option will be subject to an immediate income tax charge on the amount by which the share value on the exercise date exceeds the price payable under the option.

Strictly speaking, the position will be no different if the executive was living in the UK when he acquired his option but had become non-resident by the time he exercised. The key determinant of liability is whether the executive was UK resident at the date of grant. If he was, then no amount of subsequent globetrotting will enable him to elude the UK tax net. That anyway is the theory. In practice, the Revenue have taken a much more lenient view – largely, no doubt, because of the difficulties of collecting tax from expatriates.

This easy-going Revenue approach reached its high water mark with the statement (in 1977) that "if the director or employee has ceased to be resident in the UK at the time he exercises the option the question of a charge will not normally arise."

Asked about the word "normally", the Revenue mentioned as abnormal cases where an expatriate retained significant business links in the UK or who went abroad with the specific intent of avoiding tax on option profits.

Generations of expatriate optionholders took great comfort from these Revenue statements. They can no longer do so. Recent correspondence betrays an almost complete U-turn by the taxman. The Revenue insists it has been consistent but its new definition of "normally" shows how far the pendulum has swung.

The Revenue's "normal" expatriate optionholder – who will still be immune from tax – is now a foreign executive of a foreign corporation who just happened to be granted an option over shares at a time when he was briefly resident in the UK. Perhaps the only surprise is that the Revenue's concept of normality does not also include a wooden leg and fluency in Serbo-Croatian.

It seems clear that an ex-UK optionholder having even the most tenuous links with this country is now very likely to be on the receiving end of a tax assessment. Arguing the point will almost certainly be futile – the taxman is doing no more than applying the strict letter of the law. As long as the executive and his assets remain overseas, the Revenue will have no way of collecting its debt but that is hardly a satisfactory solution.

So how can a UK executive with globetrotting ambitions insulate himself from the vagaries of Revenue practices? The only cast-iron protection is to take up an option under a Revenue-approved scheme. The key advantage of an approved option is exemption from the usual income tax charge on exercise. Instead, the sole liability is to capital gains tax when the shares are sold.

Since the merging of tax rates in 1988, the opportunity to pay CGT rather than income tax has lost most of its lustre. But for executives who intend to exercise their options while non-resident, an approved scheme will make all the difference. While a non-approved optionholder will probably be pursued for 40 per cent income tax, his approved scheme counterpart can retain his entire gain – because non-residents are exempt from CGT. The price of approved status is compliance with statutory conditions.

High-fliers are likely to be frustrated by the individual option limit of four times salary (or £100,000 if greater) though there is nothing to stop them taking the maximum under an approved scheme and topping-up with a less tax-effective unapproved option.

***David Cohen***

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## INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

| | Quoted rate % | Compounded return for taxpayers at 25% | 40% | Frequency of payment | Tax (see notes) | Amount invested £ | Withdrawal (days) |
|---|---|---|---|---|---|---|---|
| **CLEARING BANK*** | | | | | | | |
| High interest cheque | 5.00 | 5.10 | 4.08 | monthly | 1 | under 5,000 | 0-7 |
| High interest cheque | 9.20 | 9.60 | 7.68 | monthly | 1 | 5,000-9,999 | 0 |
| High interest cheque | 9.40 | 9.80 | 7.84 | monthly | 1 | 10,000-24,999 | 0 |
| High interest cheque | 9.60 | 10.00 | 8.00 | monthly | 1 | 25,000-49,999 | 0 |
| High interest cheque | 10.20 | 10.70 | 8.56 | monthly | 1 | 50,000 | 0 |
| **BUILDING SOCIETY†** | | | | | | | |
| Ordinary share | 7.00 | 7.12 | 5.70 | half-yearly | 1 | 1-250,000 | 0 |
| High interest access | 9.00 | 9.00 | 7.20 | yearly | 1 | 500 | 0 |
| High interest access | 9.75 | 9.75 | 7.80 | yearly | 1 | 2,000 | 0 |
| High interest access | 10.25 | 10.25 | 8.20 | yearly | 1 | 5,000 | 0 |
| High interest access | 10.50 | 10.50 | 8.40 | yearly | 1 | 10,000 | 0 |
| 90-day | 10.25 | 10.51 | 8.41 | half yearly | 1 | 500-9,999 | 90 |
| 90-day | 11.00 | 11.30 | 9.05 | half yearly | 1 | 10,000-24,999 | 90 |
| 90-day | 11.50 | 11.83 | 9.46 | half yearly | 1 | 25,000 | 90 |
| **NATIONAL SAVINGS** | | | | | | | |
| Investment account | 12.75 | 9.56 | 7.65 | yearly | 2 | 5-25,000 | 1 mth |
| Income bonds | 13.50 | 10.12 | 8.10 | monthly | 2 | 2,000-25,000 | 3 mths |
| Capital bonds | 13.00 | 9.75 | 7.80 | yearly | 2 | 100 min. | 3 mths |
| 35th issue‡ | 9.50 | 9.50 | 9.50 | not applica | 3 | 25-1,000 | 8 |
| Yearly plan | 9.50 | 9.50 | 9.50 | not applica | 3 | 20-200/month | 14 |
| General extension | 5.01 | 5.01 | 5.01 | not applica | 3 | - | 8 |
| **MONEY MARKET ACCOUNT** | | | | | | | |
| Schroder Wagg | 10.63 | 11.16 | 8.93 | monthly | 1 | 2,500 | 0 |
| Provincial Bank | 11.02 | 11.59 | 9.27 | monthly | 1 | 1,000 | 0 |
| **UK GOVERNMENT STOCKS** | | | | | | | |
| 8pc Treasury 1991 | 13.09 | 11.01 | 8.77 | half yearly | 4 | - | 0 |
| 8pc Treasury 1992 | 12.03 | 10.74 | 9.48 | half yearly | 4 | - | 0 |
| 10.25pc Exchequer 1995 | 12.11 | 9.44 | 7.81 | half yearly | 4 | - | 0 |
| 8.5pc Treasury 1994 | 12.32 | 10.03 | 8.69 | half yearly | 4 | - | 0 |
| 3pc Treasury 1992 | 10.27 | 9.40 | 8.97 | half yearly | 4 | - | 0 |
| Index-linked 2pc1992§§ | 12.94 | 10.11 | 9.60 | half yearly | 2/4 | - | 0 |

*Lloyds Bank.†Halifax 90-day; Immediate access for balances over £5,000.‡ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 6.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.



# Privatisation trap

PRIVATE INVESTORS are being wooed again by the government ahead of electricity privatisation, but savers should be warned that the authorities could be far less friendly once your money is safely in their hands.

Mr and Mrs Snuggs bought shares in British Airways at the time of its flotation in 1987. Having held on for three years, they duly applied for their bonus shares. However, they were refused. Why? Because after the issue, they transferred the shares from their individual names to joint names.

The couple, both 78, have received a sympathetic hearing from BA but their plight did not melt the stony hearts of the Department of Transport. Its message this week was that the old age pensioners should have read the fine print of the prospectus.

Perhaps they should. But even if the clause was in the prospectus, it is hard to remember a reference to it in the publicity surrounding the issue and its loyalty bonus. The rule is plainly ridiculous. There has been no change in beneficial ownership; Mr and Mrs Snuggs have been as "loyal" as anyone. A pity that the Department of Transport has no conception of loyalty to the small savers that backed the flotation.

* * * *

MANY OLD age pensioners living abroad have complained that their pension payments from the Department of Social Security (DSS) have gone astray.

According to the DSS, the problem stems from their decision to change distributor during the summer. The DSS had a contract with DHL to send out pension payments, but it expired at the end of July and the department then awarded a two-year contract to TNT.

Josephine Arnold in Cyprus told the FT that her husband and several other British OAPs in Cyprus had not received their pensions for weeks.

The DSS office in Newcastle is aware of the problem. A spokeswoman said that TNT is changing its routing plans to ensure that pension payments arrive promptly. However, if you or a relative live abroad and have still not received your pension, you should write to the following address: Overseas Branch, DSS, Longbenton, Newcastle upon Tyne, NE98 1YX.

* * * *

THE FOLLOWING cautionary tale should be read by anyone who has a tendency to leave their chequebook lying around in the office.

Mr G left his chequebook in his office drawer at a time when removal men were moving the staff's possessions to a new office. Shortly afterwards, his bank manager telephoned to tell him that a cheque had bounced. Mr G was surprised: he told the bank manager that he thought his bank balance was in order. "Well, it was until you took out £4,000 last week," replied the manager.

Mr G gulped and said he had not withdrawn £4,000. He looked in his chequebook and discovered that two cheques had been removed – cut out at the spine rather than at the stub so that their absence was less noticeable.

Apparently the thief had walked into Mr G's branch of NatWest with the two cheques and withdrawn £4,000. The bank had not asked for any identification or for his cheque card.

Mr G has been reimbursed in full so he is not complaining. NatWest points out that if you withdraw money from your own branch you do not need to show your cheque guarantee card. They also say that ever since this particular form of bank fraud was shown in an episode of *EastEnders*, the television soap opera, they have come across quite a few copycat cases. So be warned . . .

## DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

| Company | Shares | Value | No of directors |
|---|---|---|---|
| **SALES** | | | |
| Alexon Group | 14,500 | 66 | 1 |
| EIS Group | 8,000 | 22 | 1 |
| Eurotherm International | 23,000 | 56 | 2 |
| Gent (S.R.) | 80,000 | 61 | 1 |
| Isle of Man Steam Packet | 20,000 | 24 | 1 |
| Jeyes Group | 45,000 | 99 | 2 |
| Kleinwort Benson Group | 60,000 | 175 | 1 |
| Legal & General Group | 3,643 | 13 | 1 |
| Leslie Wise | 200,000 | 125 | 1 |
| Pentos | 68,081 | 68 | 2* |
| Serco | 60,000 | 214 | 2 |
| Sims Foods | 50,000 | 91 | 1 |
| Southern Business Group | 200,000 | 150 | 1 |
| Yorklyde | 13,000 | 21 | 1 |
| **PURCHASES** | | | |
| Ambassador Security | 125,036 | 34 | 2 |
| BAA | 5,000 | 19 | 1 |
| Braithwaite (Conv. Pref.) | 25,000 | 12 | 1 |
| Burford Holdings | 400,000 | 136 | 1 |
| Cable & Wireless | 25,000 | 109 | 1 |
| Carclo Engineering | 15,000 | 17 | 2 |
| Dalgety | 5,000 | 18 | 1 |
| Everest Foods | 35,000 | 26 | 2 |
| Hazlewood Foods | 480,000 | 622 | 5 |
| Heritage | 117,500 | 15 | 1 |
| Isle of Man Steam Packet | 20,000 | 24 | 1 |
| Noble Raredon | 50,000 | 22 | 1 |
| Polly Peck | 1,250,000 | 3,095 | 1 |
| Principal Hotels | 50,000 | 15 | 1 |
| PWS Holdings | 23,750 | 17 | 1 |
| Richardson Westgarth | 50,000 | 20 | 1 |
| Starmin (Rts) | 3,622,767 | 507 | 3 |
| Taylor Woodrow | 6,500 | 13 | 3 |
| Trencherwood | 28,000 | 18 | 1 |
| Unidare | 11,548 | 27 | 1 |
| Warburg (S.G.) | 10,000 | 33 | 1 |

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 17-21 September 1990.

*Source: Directus Ltd, Edinburgh*

## Directors' transactions

IT IS encouraging in these dismal markets to see directors buying large numbers of shares in their companies. They were net sellers in the bull market of 1986 and 1987. The cut-off level of £10,000 in this list disguises the weight of buying. For example, in August there were almost four buys for every sell.

Several directors have made substantial sales in the shares of services group Serco, textiles company Leslie Wise and electricals group, Eurotherm. The large sale of shares in Southern Business Group, the photocopier company, is to meet outstanding tax liabilities and is against a trend of executive directors buying large amounts of stock.

The Hazlewood company share purchase scheme has bought 480,000 shares on behalf of five directors of the foods group. The directors must repay the loan over ten years at a favourable rate of interest. The purchase therefore represents a vote of confidence. A number of directors, including the chairman and the chief executive, previously sold several million shares at almost twice the price.

Angus MacDonald
Directus, Edinburgh

## Week Ahead

# Sears set to reflect the High Street's tough time

TIMES ARE tough for high street retailers and the truth of that observation looks likely to be borne out on Tuesday when Sears, the footwear and clothing group which owns several retailing outfits including Selfridges and the British Shoe Corporation, announces its interim pre-tax profits.

Analysts are looking for a sharp decline in taxable profits, excluding exceptional items, from about £72m to £55m. The group is expected to have suffered from the continuing disruption caused by the reorganisation of its shoe shops. Sears' activities in housebuilding are also to prove a weak spot.

Jefferson Smurfit, the Irish-based multi-national paper and packaging group, will announce its half-year figures on Thursday. Many analysts are fighting shy of suggesting a pre-tax profit figure because of the unknown effects of the company's recent restructuring. But earnings per share are expected to remain flat at around 24p.

There has been little in the way of earnings per share growth at Harrisons & Crosfield, the diversified plantations group, lately as it has issued a mass of paper to fund acquisitions. However, interim results due out on Wednesday should show a good trading performance from companies added to the group – notably, Crossley, the builders' merchant which cost H&C £113m in May and is thought to have been performing well against a dreary market. However, now that hopes of a near-term cut in UK interest rates have been squashed, the outlook for Crossley must be getting gloomier.

Analysts forecast H&C made pre-tax profits of £60m, against £56.2m, in the six months to end-June. Interim results from textile group Tootal on Monday are unlikely to lift the gloom in that sector. The market is looking for around £16m to £16.5m pre-tax in the half year to end July against £19.2m last time – a figure which included some one-off profits.

However, analysts will not be surprised if the pre-tax figure turns out lower and further downgradings of estimates for the year may well follow the results. With hopes of a renewed bid from 29.9 per cent stake holder Coats Viyella now faint and little sight of a recovery in the textile market, Tootal shareholders may have a long wait to see their share price revive.

## COMPANY NEWS SUMMARY

### TAKE-OVER BIDS AND MERGERS

| Company bid for | Value of bid per share** | Market price** | Price before bid | Value of bid £ms** | Bidder |
|---|---|---|---|---|---|
| | Prices in pence unless otherwise indicated | | | | |
| AMR Inds. | 29* | 27 | 20 | 5.85 | Siemens Austria |
| Aaronson Bros.‡ | 80* | 78 | 50 | 29.61 | Glunz |
| Blackwood Hodge | 31½ | 30½ | 21† | 51.71 | BM Group |
| Caird Grp. | 100*§ | 102 | 75 | 68.45 | Severn Trent |
| Caird Cv.Pf.2008 | 60.3*§ | 61 | 59 | 21.44 | Severn Trent |
| Connell | 194* | 188 | 135 | 48.3 | Scottish Widows |
| Dukeminster | 75* | 71 | 62 | 65.65 | [illegible] |
| Fitch Lovell‡ | 289§§ | 288 | 295 | 289.39 | Booker |
| Hughes (H.T.) | 121§ | 118 | 81 | 30.12 | Leigh Interests |
| Lowe Grp. | 437 | 422 | 385 | 113.47 | Interpublic |
| Mount Charlotte | 73*§ | 70 | 59½ | 392.68‡ | Brierley Invs. |
| VFI Group | 16☆ | 8 | 13½ | 7.12 | Transw'd Consortm |
| Yorkshire Radio | 170†† | 163 | 131 | 16.05 | Metro Radio |

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 28/9/90. †At suspension. §§Shares and Cash. ☆Estimated figure, comprising 8p cash, a loan note, and a 'litigation unit'. ‡ Value of 61.1% not already owned.

### RESULTS DUE

| Company | Announcement due | Dividend (p)* Last year Int. | Last year Final | This year Int. |
|---|---|---|---|---|
| **FINAL DIVIDENDS** | | | | |
| Armour Trust | Monday | 0.25 | 0.95 | 0.275 |
| Barry Wehmiller International | Tuesday | 1.8 | 3.8 | 2.2 |
| Beckman A | Tuesday | 1.63 | 3.15 | 1.63 |
| Canadian Overseas Packaging | Thursday‡ | - | 44.0 | - |
| Colroy | Tuesday | 2.0 | 8.5 | 2.25 |
| Druck Holdings | Thursday | 2.5 | 4.9 | 2.8 |
| European Leisure | Monday | 0.45 | 1.0 | 0.5 |
| Ewart | Friday | 0.75 | 1.25 | - |
| Frogmore Estates | Monday | 2.6 | 8.4 | 2.9 |
| Galliford | Thursday | 0.85 | 3.05 | 0.95 |
| JF Pacific Warrant Co. | Wednesday | - | - | - |
| Lloyds Chemists | Tuesday | 0.65 | 1.86 | 0.75 |
| Maunders John Group | Wednesday | 2.1 | 2.65 | 2.3 |
| Murray Ventures | Thursday | 2.5 | 4.7 | 3.25 |
| Ossory Estates | Monday | 0.3 | 0.45 | 0.4 |
| Photo-Me International | Wednesday | 1.2 | 4.8 | 1.2 |
| Raine Industries | Tuesday | 1.5 | 3.5 | 2.0 |
| TSW-Television South West | Thursday | 1.15 | 3.0 | 1.23 |
| Welsh Industrial Invest. Tst. | Tuesday | - | 1.0 | - |
| **INTERIM DIVIDENDS** | | | | |
| Abtrust New Thai Invest. Tst. | Wednesday | - | - | - |
| Anglo American Investment Tst. | Friday♣ | 720.0 | 3050.0 | - |
| Ash & Lacy | Wednesday | 2.5 | 3.9 | - |
| Avonmore Foods | Monday‡ | 1.25 | 1.25 | - |
| Bank of Scotland (Gov & Co) | Wednesday | 1.45 | 3.1 | - |
| Bank of Wales | Wednesday | 1.0 | 1.8 | - |
| Bilton Percy | Monday | 5.4 | 11.21 | - |
| Boosey & Hawkes | Tuesday | 3.3 | 9.0 | - |
| British Shoe Corp. Holdings | Tuesday | - | - | - |
| Broadstoner Holdings | Tuesday | - | - | - |
| Canning W | Monday | 2.8 | 4.35 | - |
| Copymore | Thursday | 0.80 | 1.7 | - |
| Corton Beach | Monday | - | 0.7 | - |
| Clinton Cards | Thursday | 1.2 | 3.03 | - |
| Cussins Property Group | Wednesday | 3.75 | 6.5 | - |
| Derwent Valley Holdings | Tuesday | 2.5 | 6.0 | - |
| Doeflex | Tuesday | 1.32 | 2.7 | - |
| Etam | Thursday | 1.85 | 4.65 | - |
| Filofax Group | Friday | 0.75 | - | - |
| Finlay James | Thursday | 2.0 | 2.15§ | - |
| Hafnia Holdings | Wednesday† | - | 8.0 | - |
| Harrisons & Crosfield | Wednesday | 3.4 | 5.1 | - |
| Hewden Stuart | Thursday | 0.75 | 2.0 | - |
| Higgs & Hill | Wednesday | 4.4 | 15.6 | - |
| Ibstock Johnsen | Tuesday | 2.25 | 3.75 | - |
| Ingham George & Co (Holdings) | Thursday | 1.0 | 2.0 | - |
| Inoco | Tuesday | - | - | - |
| Jefferson Smurfit Group | Thursday‡ | 1.463 | 3.237 | - |
| Kleinwort Benson Gilt Fund | Monday | 35.545§ | 36.35© | - |
| Lep Group | Thursday | 1.75 | 4.25 | - |
| Martin (Albert) Holdings | Thursday | 1.6 | 2.4 | - |
| Marylebone Estates Company | Friday | 1.5 | 1.5 | - |
| Medeva | Monday | - | - | - |
| Palma Group | Tuesday | 1.2 | 2.5 | - |
| Pittard Garnar | Tuesday | 1.95 | 4.15 | - |
| Rea Holdings | Tuesday | - | 4.0♥ | - |
| Rock | Monday | - | 0.75 | - |
| Save & Prosper Sterling Dep. | Friday | - | 0.25● | - |
| Scottish Television | Friday | 5.0 | 20.0 | - |
| Sears | Tuesday | 1.525 | 3.83 | - |
| Sheffield Insulations Group | Tuesday | - | 3.3 | - |
| Telfos Holdings | Tuesday | 3.6 | 8.4 | - |
| Tibury Group | Thursday | 10.0 | 22.0 | - |
| Time Products | Wednesday | 2.5 | 4.5 | - |
| Tootal Group | Monday | 1.9 | 3.05 | - |
| Topdanmark | Tuesday | - | - | - |
| Triplevest | Tuesday | 9.9 | 10.975 | - |
| Venturi Investment Trust | Thursday | - | - | - |
| Ward Group | Tuesday | 2.4 | 4.8 | - |
| Watts, Blake, Bearne & Co. | Monday | 2.6 | 6.0 | - |

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.‡ Figures quoted in Canadian cents per share.† Dividend quoted in Danish kroner.♣ Dividends quoted in South African cents per share.‡ Dividends quoted Irish pence per share.© 3rd interim dividend.§ 2nd interim dividend.● Pence per share gross.♥ Interim dividend payment in lieu of final.

## PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|
| Allied Leisure | July | 2,600 | (900) | 13.7 | (5.03) | 3.9 | (1.65) |
| Bailey (Ben) | June | 1,810 | (2,110) | 11.5 | (13.0) | 1.9 | (1.9) |
| Beazer | June | 105,700 | (142,500) | 21.5 | (29.9) | 7.75 | (7.5) |
| Bellwinch | June | 4,850 L | (3,220) | - | (6.3) | - | (3.75) |
| BM Group | June | 23,100 | (15,800) | 22.6 | (16.1) | 2.6 | (2.0) |
| Close Brothers | July | 12,100 | (10,500) | 19.5 | (16.2) | 8.0 | (6.75) |
| Cornwell Parker | July | 8,700 | (9,200) | 15.1 | (16.2) | 5.5 | (5.2) |
| Courtney Pope | May | 3,580 L | (3,870) | - | (17.7) | 3.75 | (3.5) |
| Domestic & Gen. | June | 3,400 | (2,400) | 31.4 | (21.5) | 10.6 | (8.25) |
| Eleco Holdings | June | 6,120 | (7,080) | 13.6 | (17.7) | 6.2 | (6.2) |
| Gent SR | June | 5,040 | (4,520) | 8.3 | (8.7) | 3.0 | (2.5) |
| GT Japan Inv Tst | June | 1,060# | (1,260#) | 1.7 | (2.01) | 1.4 | (1.8) |
| Halstead James | June | 7,440 | (7,110) | 33.3 | (31.9) | 10.5 | (9.5) |
| Heys | June | 56,200 | (50,180) | 9.8 | (8.6) | 3.5 | (-) |
| Int'l Media Comm | Apr | 2,380 L | (584 L) | - | (-) | - | (-) |
| Lincat Group | June | 1,380 | (1,290) | 13.9 | (12.4) | 5.1 | (4.6) |
| Lloyd Thompson | June | 8,350 | (6,410) | 15.0 | (12.8) | 7.5 | (6.0) |
| MAI | June | 65,600 | (55,200) | 12.0 | (10.3) | 5.0 | (4.5) |
| Polypipe | June | 13,490 | (11,200) | 13.2 | (11.6) | 3.5 | (3.0) |
| Renishaw | June | 13,420 | (10,090) | 23.8 | (18.2) | 6.0 | (4.2) |
| Ricardo Group | June | 3,830 | (2,560) | 13.9 | (12.6) | 5.7 | (5.0) |
| SEET | Apr | 336 L | (202) | - | (2.32) | 1.6 | (5.3) |
| Sheldon Jones | June | 627 | (471) | 7.1 | (6.0) | 5.12 | (4.65) |
| Sinclair Golds. | May | 1,510 | (2,120) | 8.5 | (12.3) | 3.0 | (5.0) |
| Unigroup | June | 713 | (1,190) | 0.51 | (1.83) | - | (-) |
| Waterman Partner | June | 3,440 | (5,520) | 11.4 | (18.8) | 6.2 | (6.0) |
| Westpool Inv Tst | Mar | 3,680 | (5,250) | 3.56 | (3.78) | 1.85 | (1.66) |

## INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|
| Aberdeen Petroleum | June | 234 | (118) | - | (-) |
| Baltic | June | 7,020 | (6,650) | 1.63 | (1.7) |
| Berry Birch & Noble | July | 283 | (203) | - | (-) |
| Billam J | June | 75 | (68) | 1.64 | (1.64) |
| Blockleys | June | 2,040 | (3,030) | 1.95 | (1.95) |
| Boddington Group | June | 8,570 | (7,300) | 2.15 | (1.85) |
| Bostrom | June | 1,790 | (1,450) | 2.5 | (2.25) |
| Breedon | July | 2,560 | (2,110) | 1.75 | (1.5) |
| Brent Chemicals Int. | June | 6,810 | (6,110) | 1.6 | (1.4) |
| Brent Walker | June | 45,600 | (30,000) | 6.0 | (5.0) |
| Britannia Group | June | 1,130 | (1,250) | 1.9 | (1.9) |
| Brooks Service | June | 563 | (746) | 1.84 | (1.84) |
| Brown & Jackson | June | 337 L | (1,780) | 0.6 | (0.5) |
| BSG International | June | 8,010 | (12,570) | 0.7 | (0.7) |
| Business Technology | June | 1,490 | (2,060) | 1.5 | (1.5) |
| Cambridge Isotope | May‡ | 220 | (330) | - | (-) |
| Cambridge Water | June | 823 | (-) | 36.0 | (-) |
| Capital & Regional | June | 181 | (2,990) | 0.3 | (0.8) |
| Carbo | June | 2,420 | (2,200) | 2.6 | (2.5) |
| Clayform Properties | June | 9,970 L | (8,000) | 2.0 | (3.5) |
| Clifford Foods | June | 2,680 | (1,350) | 4.0 | (3.6) |
| Cluff Resources | June | 1,010 | (790) | - | (-) |
| Cornell | June | 2,630 | (2,350) | - | (3.0) |
| Dagenham Motors | June | 1,800 | (1,950) | 1.75 | (1.5) |
| Dairy Farm Int'L | June‡ | 78,600 | (68,300) | 1.35 | (1.15) |
| Dean & Bowes | June | 1,710 | (1,520) | 2.75 | (2.75) |
| Dencora | June | 1,510 | (4,600) | - | (-) |
| Dinkie Heel | June | 172 | (238) | 0.85 | (0.85) |
| Dolphin Packaging | June | 1,240 | (817) | 1.5 | (1.2) |
| Edinburgh Fund Man. | July | 2,550 | (2,120) | 4.5 | (4.2) |
| England J Group | June | 192 L | (192 L) | - | (-) |
| Espirito Santo Fin. | June§ | 35,170 | (26,700) | - | (-) |
| Estates & General | June | 1,450 | (1,760) | 1.22 | (1.22) |
| Evered | June | 20,400 | (15,800) | 1.93 | (1.8) |
| EW Fact | June | 434 | (368) | 1.1 | (1.0) |
| FBD Group | June† | 3,860 | (2,340) | 1.3 | (-) |
| Finlay Packaging | June | 300 L | (296) | 0.75 | (0.75) |
| Folkes Group | June | 1,270 | (1,100) | 0.55 | (0.45) |
| Fortnum & Mason | Aug | 186 | (136) | 6.0 | (6.0) |
| Gessel | June | 14,080 | (11,260) | 3.25 | (2.75) |
| Global Group | June | 2,600 | (519) | - | (-) |
| Great Southern Group | June | 2,080 | (1,680) | 3.0 | (2.6) |
| Harlen Macfarlan | June | 9,830 | (6,310) | 3.0 | (2.5) |
| Hampden Homecare | June | 164 | (506) | 0.2 | (0.5) |
| Harding Group | June | 40 | (521) | 1.1 | (1.1) |
| Headlam Group | June | 269 | (388) | 0.75 | (0.75) |
| Hogg Group | June | 7,270 | (6,730) | 3.0 | (2.75) |
| Hopkinsons Holdings | July | 3,310 | (2,790) | 1.2 | (1.0) |
| How Group | June | 1,490 | (2,440) | 1.35 | (1.35) |
| Ibex Holdings | June | 7 | (1,090) | 1.0 | (1.9) |
| Inlatech | June† | 2,920 | (1,650) | | (-) |
| Ipeco Holdings | June | 1,950 | (1,250) | 1.2 | (1.0) |
| Kingston Oil & Gas | June§ | 891 | (369) | 0.97 | (0.82) |
| Kwik-Fit Holdings | Aug | 10,050 | (9,620) | 1.1 | (1.04) |
| Lamont Holdings | June | 5,020 | (4,920) | 3.5 | (3.25) |
| Liberty | July | 2,600 | (2,100) | 1.7 | (1.4) |
| Macallan-Glenlivet | June | 3,240 | (2,290) | 0.4 | (0.35) |
| Mecca Leisure | June | 42,200L | (31,600) | - | (2.0) |
| Metalrax Group | June | 3,260 | (3,160) | 1.0 | (0.87) |
| Oliver Group | June | 1,370 L | (327 L) | 1.07 | (1.0) |
| PFG Hodgson Kenyon | June | 6,310 | (-) | 2.1‡ | (-) |
| Radiotrust | July | 45 | (-) | - | (-) |
| Rathbone Brothers | June | 1,260 | (1,060) | 2.0 | (1.6) |
| Redland | June | 108,000 | (104,100) | 8.25 | (7.5) |
| Riva Group | June | 74 | (697 L) | - | (-) |
| Rutland Trust | June | 6,600 | (7,420) | 0.27 | (0.27) |
| Schroders | June | - | (-) | 4.0 | (3.0) |
| Serif Cowells | June | 1,050 | (570) | 1.5 | (1.5) |
| Sintrom | June | 320 | (948) | 0.3 | (1.0) |
| Spear JW & Sons | June | 850 L | (899 L) | - | (-) |
| Spirax-Sarco Eng. | June | 12,000 | (10,500) | 2.7 | (2.7) |
| Stag Furniture | June | 836 | (1,300) | 2.0 | (2.75) |
| Steetley | June | 49,190 | (50,980) | 5.0 | (4.75) |
| Sykes Pickavant | June | 754 | (818) | 2.25 | (2.25) |
| Tarmac | June | 97,800 | (153,800) | 3.0 | (3.0) |
| Taveners | June | 78 L | (138) | - | (-) |
| Thurgar Bardex | June | 323 | (167 L) | 0.85 | (0.85) |
| Trusthouse Forte | July | 114,000 | (114,000) | 2.75 | (2.5) |
| T&S Stores | June | 6,240 | (1,190) | 2.0 | (1.5) |
| TV-AM | July | 11,580 | (9,730) | 4.0 | (2.0) |
| Tyndall Holdings | June | 429 | (1,230) | - | (2.5) |
| United Newspapers | June | 56,600 | (54,500) | 7.5 | (7.5) |
| Vickers | June | 39,800 | (32,000) | 3.7 | (3.8) |
| Whatman | June | 5,020 | (4,560) | 2.5 | (2.0) |
| Wood Arthur & Son | June | 39 | (157) | - | (-) |
| Worcester Group | June | 2,010 | (2,100) | 1.33 | (1.25) |
| World of Leather | June | 408 L | (556) | - | (0.8) |
| Youghal Carpets | June† | 871 L | (163 L) | - | (-) |
| Yule Catto | June | 9,390 | (10,400) | 2.0 | (1.9) |

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.§ Figures quoted in US dollars & cents.† Figures quoted in Irish punts & pence.‡ 2nd interim dividend.# Net revenue.

## RIGHTS ISSUES

Richmond Oil & Gas is to raise £31m via a 2-for-5 rights issue at 125p.

## OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Faber Prest is to join the main market later this month via an introduction.

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FINANCE & THE FAMILY

# Pensions and wills must be evaluated


FOR THE couple in their fifties whose children have left home, life should be bliss – not least financially as there should be no more school or college fees to pay.

From a financial planning point of view, the most important matter to consider now is pension arrangements. For a start, you should decide when you are going to retire, and find out whether there will be any penalties if you retire early.

John Bridel, of Towry Law, points out that a man who has been in his pension scheme for 20 years and who wants to retire at 60, only gets 34 per cent of the amount that he would get at the age of 65. "People don't realise there is such a dramatic drop," he says.

So people in this category need to review their pension arrangements as they approach retirement. For example, do you have lots of frozen pensions scattered about from previous jobs?

If so, you should write to the pension trustees and find out what the transfer value is: you may want to consider whether to transfer the pension or you may find you are better off leaving it where it is until you retire.

"People between 50 and 60 must ensure they have adequate pension provision," says Fiona Price of Fiona Price & Partners, independent advisers.

"They must put as much of their reserves as possible into their pension because this is tax efficient and the most important part of their financial planning."

Pension contributions are tax-efficient because they are eligible for tax relief, and the income and gains of the pension fund investments accrue free of UK tax.

When the pension is paid, it is taxed as earned income, although you can remove some of the fund as cash tax-free.

Martin Jones, of Coopers & Lybrand Deloitte, says most people in company schemes have the opportunity to top up their pension to the maximum allowed by paying Additional Voluntary Contributions (AVCs). You can invest up to 15 per cent of your gross earnings this way and receive tax relief.

Alternatively, if you are self-employed or have a personal pension instead of a company pension you will also need to consider whether to top it up.

Fiona Price points out that you can boost your personal pension considerably: if you are aged between 51 and 55 you can put 30 per cent of your gross income into a personal pension (or 30 per cent of net relevant income – ie after expenses and before tax – if you are self-employed).

For people aged between 56 and 60 you can contribute 35 per cent of your income. In both instances you are entitled to tax relief on the premiums and the contributions can go back as far as the last six years if you have not already gone over your contribution limit.

Another way to save in a tax-efficient way for retirement is with Personal Equity Plans (PEPs). These are useful if you are unable to boost your pension or if, as a non-working wife, you have no pension entitlement due to the fact that you do not receive earned income.

For example, a wife with unearned income could put up to £6,000 a year into a PEP and would receive the gains free of income tax and capital gains tax.

Michael Otway, of W I Carr, warns that someone at this stage of life who has contracted out of Serps (state earnings related pension scheme), should investigate whether to contract back in because the state benefits are likely to be much greater than those achieved if you have contracted out.

Once your pension arrangements have been sorted out, what should you do with your spare income? You should probably aim to accumulate it as capital so that when you retire you will have a source of income. Once you have retired, you can turn to income-producing investments such as gilts, income bonds or high-yielding shares, or by realising some of your capital within the £5,000 CGT allowance.

PEPs are suitable for making investments such as shares, unit trusts and investment trusts more tax-efficient.

The new TESSAs (tax exempt special savings accounts) which come into force in January will make straightforward savings more tax-efficient as you will be able to receive the interest gross provided you do not withdraw money from your lump sum for five years.

Martin Jones thinks that "of particular interest to those approaching retirement might be those investments which are liable to income tax as opposed to CGT, where it may be possible to delay the charge to tax until the individual's marginal rate has decreased from 40 per cent to 25 per cent following retirement."

He suggests using offshore roll-up funds and single premium capital investment bonds.

Married couples should check whether their assets are allocated in the most tax-efficient way. For example, if one of them is in the lower income tax bracket, he or she could keep the income-producing assets in his or her name.

Finally, remember to review your wills and make sure they are up to date. Bear in mind that you may need to plan carefully if you are to avoid leaving a huge inheritance tax bill for the surviving members of your family.

**Sara Webb**

Barry Riley on the Imperial Tobacco pension row

# Hanson v the OAPs

"I'VE HAD three ladies in tears on the phone," says Geoff Campion, secretary of IMPAC, a ginger group of Imperial Tobacco pensioners. "They ask, why do we have to change? It has caused a terrific amount of worry among the pensioners."

Campion is leading one of several groups of retired tobacco workers, concentrated in cigarette-rolling places like Nottingham and Bristol. They are opposing the parent company Hanson's attempt to persuade members of the old Imperial Tobacco Pension Fund to switch to a different group plan, the Imperial Retirement Benefit Scheme.

But after the ending last week of a programme of ten road shows across the country by the pension fund's Committee of Management, acceptances are flowing in. According to pensions manager Tony Cullington nearly half the 22,000 pensioners have replied, and 74 per cent of these have agreed to transfer to the RBS.

There is still a long way to go, however, before the closing date on October 31. Those slower to respond may be less enthusiastic about the switch. Those that do not reply will stay, by default, in the old scheme.

At stake as far as Hanson is concerned is the juicy surplus of £130m or more (one independent actuary says £230m) in the £1bn-plus Imperial Fund, which has been closed to new members for several years. When members transfer to the RBS their share of the surplus will go with them. And because the RBS is an open scheme it will be possible for Hanson to take advantage of the surplus in that plan by merging other schemes into it and by awarding itself contribution "holidays".

To put pressure on pensioners Hanson has used a combination of stick and carrot. First, it has announced that it will no longer pay the *ex gratia* pension increases on which scheme members have come to rely to keep their incomes growing more or less in line with inflation. Instead there will only be statutory upgrading in line with inflation to a 5 per cent maximum.

This means that pensioners staying in the old scheme, who might have hoped in November to receive an annual upgrading in line with the July inflation rate of 9.8 per cent, will only get 5 per cent.

The carrot is that in the new scheme the ceiling on RPI increases will be raised to 15 per cent. But on the other hand the initial pensions will typically be somewhat lower, according to a sliding scale which hits younger pensioners hardest yet leaves the octogenarians clearly better off.

Whether you think this is a good deal depends on where you start from. The scheme's external actuary, John Martin, is not directly involved in advising scheme members but nevertheless thinks that the terms of the offer are "jolly good".

John Martin is senior partner of the biggest firm of consulting actuaries, R Watson, and is also a prominent member of the Occupational Pensions Board which last year recommended that pensioners in all schemes should be able to consider a "swap option" which would give them an inflation-proofed pension, albeit with some loss of initial income.

Many Imperial pensioners feel, however, that they are being asked to surrender income in order to obtain an inflation-proofed pension which they thought they already had. The trouble is, they have absolutely no legal grounds for such a position. Their expectations have moved well ahead of their rights. That is the drawback with *ex gratia* pension enhancements, and the reason why employers like them.

> 'There are just too many grey areas in pension funds. Problems can arise'

A third position is taken by Bryn Davies, a consulting actuary who has done a lot of work for trade unions and has now prepared a twelve-page report for IMPAC. Like Martin, Davies is reluctant to advise the pensioners what they should do. However, he does say that the negative approach of Geoff Campion and the others is "reasonable".

Davies takes a combative approach. He is the actuary who has worked out that the surplus in the fund is £230m, and he calculates that members could be offered full inflation proofing for £50m of that.

"Accepting the deal would be a good idea if there were no other option," he says, but adds: "If all the pensioners stayed in the fund Hanson would still have to do a deal. I think they are under a lot of attack from the company. The whole thing smacks of intimidation."

But whatever Bryn Davies says it does not seem realistic to expect Imperial Tobacco's retirees to behave like members of the National Union of Mineworkers or the Transport and General Workers Union. Only solidarity would enable them to call Hanson's bluff. If only a small minority is left in the old scheme they will clearly lose out and the parent company, having captured the bulk of the surplus, will have little incentive to come back with another deal.

The problem has arisen from the shift in corporate culture at Imperial, away from the old paternalistic approach of the tobacco barons and towards the razor-sharp business style which Hanson exemplifies. Hanson has done nothing wrong, but pensioners are bound to feel puzzled and suspicious.

There are too many grey areas in pension funds. Tricky problems can arise when surpluses appear: employers and their actuarial advisers have to make big guesses about investment returns and future earnings growth when they decide on contribution levels, and sometimes surpluses arise. Naturally the scheme members would like to hold on to these (although they leave the employers to cope alone with any deficits).

The Labour shadow cabinet spokesman on pensions Michael Meacher stepped into the Imperial row this week by claiming that current law clearly failed pension scheme members. He said that contribution holidays should be outlawed unless full inflation-proofing is guaranteed.

However, that is not the position at present. Hanson has at most only a moral obligation to continue the *de facto* inflation-proofing of the old scheme, and it clearly does not accept that responsibility.

An important lesson of the Imperial affair is that the interests of the pensioners in a confrontational situation may not always be fully represented. IMPAC asked for money from the Imperial scheme to pay for independent advice, but were refused. The Committee of Management and the independent actuary are awkwardly sandwiched between the company and the pensioners. They may be able to advise pensioners about their rights, but not about their bargaining potential.

"We believe it is a good deal," says Tony Cullington, "but we are not in the business of persuading people to do something they would rather not do. We aren't financial advisers."

As it stands, the pensioners would be unwise to take Hanson on. The group's chairman Lord Hanson is one of the best practitioners in the art of eyeball-to-eyeball big business dealing. There is possibly a couple of hundred million of spare money lying around, and only those with a tough constitution would be wise to get involved in a fight.

If the argument should ever go to another round a good many more old ladies could be crying, but you can bet that Lord Hanson, even though he is himself of pensionable age, would not shed a single tear.

# Charities seek big input from Gift Aid scheme

CHARITIES ARE hoping to receive a flood of new money after October 1 when the government's new Gift Aid scheme comes into force.

Gift Aid enables any taxpayer who gives between £600 and £5m to charity during the course of the tax year to receive tax relief. The aim is to encourage the affluent to give more generously to charities and provide an extension of the existing payroll giving scheme, which allows tax relief on gifts of up to £600 a year.

Gift Aid works like this: If you give £600 to your favourite charity, your gift is assumed to be paid net of basic rate tax: so, if you are a basic rate taxpayer paying tax at 25 per cent, the £600 is equivalent to £800 gross.

In other words, you send the charity a cheque or credit card donation of £600 and they receive £800 because they can claim back the tax.

If you are a higher rate taxpayer you will need to notify your tax office about the gift, filling in details on your tax return. As in the above example, your gift of £600 would be worth £800 to the charity. However, you would then be entitled to an additional 15 per cent relief: 15 per cent of £800 is £120, so your gift would only cost you £480 (£600–£120).

If you wish to use Gift Aid you need to fill in a certificate for the charity so that it can claim back the tax. Copies of certificate R190 (SD) are available from the Inland Revenue Claims Branch (Charity Division), St John's House, Merton Road, Bootle, Merseyside L69 4EJ. Tel: 051-922-6363.

Ian Theodoreson, finance director of Save the Children, says most individual donations are far below £600: in fact, the average one-off donation to Save the Children is about £15. However, the government hopes the Gift Aid scheme will encourage higher rate taxpayers to give more generously to charity in future, complementing both the existing payroll giving arrangements and covenants.

**Sara Webb**

# Q&A

BRIEFCASE

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

## Clobbered by a change of plan

MY EMPLOYERS have operated a contracting-out pension scheme (through Legal and General) to which they and we contribute. I have been a member of this scheme for nearly 15 years.

Employees have now been told that the scheme is to be wound up, and we have been advised of "transfer amounts" available to put into individual personal pension plans. It is our employer's stated intention (at the moment, my qualification) to continue to make an employer's contribution to such personal plans.

We can not reliably establish whether the scheme is being terminated at the instigation of our employer or L&G. Each party has indicated that it is at the other's request.

I suspect that our scheme is seriously underfunded and that by cancelling it and substituting "Pay as you Go" contributions our employer is avoiding the capital expense necessary to put things right. However several questions arise:

If the scheme is underfunded does this mean that the transfer values quoted are smaller than they would have been otherwise?

L&G have already deducted 2½ per cent from the value of the fund as "expenses" before apportioning it to employees for their future benefits. Is this a common practice?

If an employee elects to take his "Transfer Value" to a company other than L&G there will be a further deduction of 5 per cent. This seems like excessive greed . . . in my own case the two deductions together exceed £2,000. Is it common practice for insurance companies to act in this way if moneys are taken elsewhere?

Since this significant effect on my pension arrangements is entirely outside my control, have I any way to make my employers to reimburse me for L&G's depredations?

If an employee choses a Personal Pension Plan from Legal and General, L&G will apparently deduct a "commission" (up to 50 per cent of the first year's premiums), as they would have if the PPP had been sold through a broker or third party. Since L&G don't appear anywhere in the league tables I have seen of PPP providers I can't imagine anyone in their right mind leaving their money with L&G. But it looks as if we'll be clobbered if we do, and we'll be clobbered if we don't. What do you suggest I should do?

I shall be 57 in a couple of month's time, and had hoped to retire around 60. I'm tempted to do so immediately.

■ Unfortunately your experience with an insured pension scheme is not unusual. Many employers and members of their staff are unaware of the hidden costs in insured as opposed to self-administered schemes until they ask for a transfer value and/or the scheme is wound up.

However you are entitled to an amount of paid-up pension on leaving service calculated on the formula on which you were qualifying for pension when the scheme was in force. The transfer value should be the cash equivalent of this sum calculated within guide lines set out by the Institute of Actuaries. If this is being offered then you have no legal redress.

In the normal course there should be some money in a fund over and above what is required to provide the strict legal entitlement to each member leaving service. If this is the case and the amounts left after the Legal and General has taken its 2½ per cent plus its 5 per cent cut are more than your strict legal entitlement then you have no ground for redress even though you may be highly dissatisfied with the result.

If you think that you are not being given your strict legal entitlement then you might try writing to: The Occupational Pensions Advisory Service at: 8A Bloomsbury Square London WC1A 2LP.

MY ANNUAL salary is £40,000 and I have completed 17 years of a "senior" company pension scheme which, among other things, entitles me, on completion of 20 years service, to two-thirds final earnings on retirement at 60 (I am 45). I am now contemplating a move to another company.

If I do so, do I have the right to buy three years contributions on a DVA basis before my departure and thus secure my right to two-thirds of final earnings at 60?

Is it financially advisable?

Where can I get good impartial professional advice in assessing future earnings and pension benefits compared with present earnings and pension benefits?

■ Your rights on leaving will be governed by the rules of your scheme. It is highly unlikely that the AVC formula enables you to buy a fixed number of added years. Most AVC schemes are run on a money purchase basis – which means that you get whatever your money happens to buy in terms of benefit – or on the basis of its investment earnings and you can only translate this back into "additional years" when you know what it is at retirement.

If you leave before retirement your company pension department will probably quote you a transfer value including AVCs or a paid-up pension as a monetary amount (also including AVCs).

## A home and abroad

I AM trying to ascertain whether capital gains tax is payable on the imminent sale of our only residence. The property was jointly purchased by my wife and I in January 1986, towards the end of my overseas posting which began in November 1982. The property was empty for three months until we returned to the UK in early April 1986 and we have occupied it continuously ever since.

■ The solicitor who will be acting for you in the sale is best placed to guide you through the CGT maze because he or she has ready access to the facts, (as well as either being competent in the relevant tax law or at least having someone in the firm who is).

You may like to ask your tax office for the free pamphlet for owner-occupiers, CGT4, but do not place too much reliance upon it, as it is only a brief outline of some of the intricate and arbitrary rules laid down by Parliament.

On the bare facts outlined the number of days from purchase contract to the day you moved in means you will not be eligible for exemption (either by statute or by extrastatutory concession).

## Storm damages

A FRIEND living on Social Security, has a beach hut at Shoreham. During the February storms the National Rivers Authority erected, as part of its measures for strengthening the coastal defences, a six-foot pile of loose stones, four feet in front of the hut.

Renewed storms dislodged those stones, thrusting them on to the hut, causing £200 of damage. These huts are uninsurable, being vulnerable to weather and damage by vandals.

The NRA denies liability, saying it was carrying out its duties. I say it was foolhardy, creating a potentially and actually damaging pile of stones in adverse weather. The local MP has accepted a bland reply from Lord Crickhowell, chairman of the NRA. What should my friend do next? He cannot afford to reinstate at his own expense.

■ Your friend could make a claim in negligence or nuisance against the Authority if he can establish that the Authority failed to take such steps as were reasonable to prevent or minimise the risk of damage to the hut – see Leakey v National Trust (1980) QB 485. This is a question of fact, but might well be capable of being proved in the case which you describe. Your friend can sue in the County Court for the value of the hut which was destroyed (not the cost of replacing it).

I OWN a bungalow which was damaged in the February storms. The roof blew off a motor repairs garage at the rear of the bungalow damaging the roof and brickwork in the gable of the bungalow. Large timbers were blown through the roof and into the dining room.

The owner of the garage will not accept liability and says that it was an act of God, and that the bungalow should have been insured. As it was unoccupied I could not get it insured.

The garage roof consisted of corrugated metal sheets with fibre glass corrugated roof lights held by screws, nails and rubber washers. No other property in the district suffered storm damage. Do I have a legal case to sue for damages?

■ We think that the owner of the garage is right. Unless you could prove that he had negligently failed to repair his roof in circumstances where he knew it was likely to blow away (which is most unlikely) the event must be treated as an accident and you must claim on your own insurance.

■ *LAST WEEK, Q&A Briefcase carried an incorrect telephone number for the Double Taxation Section of the Foreign Dividend Office. The correct number is 081-598-4242.*

# Stock company with tasty liquid assets

Nicholas Lander considers the ingredients of a recipe for success

FEW companies have as exotic a list of investors as Fonds De Cuisine. The company, established in May 1989, boasts a catholic array of shareholders: two head chefs, David Chambers of Le Meridien and Anton Edelmann of the Savoy; Colum Fitzgerald, Peter Neri and Jo Harris who, in their spare time, look after the company's design, finance and PR; and one full time director, Allan Rieck, who until nine months ago was in the power tool business. What unites them is a love of cooking and eating well and a firm belief that what they have produced – beef, chicken, fish,lamb and vegetable stocks and the top of the range "jus de veau" – for the first time make good stocks available to the domestic chef in liquid form and at reasonable prices.

Stocks form the basis of most classical dishes and sauces and while it is possible to make them at home a ready access to good quality stocks has always been the biggest obstacle to a repeat performance of that memorable dish you had in a restaurant last week. It is big business. One leading London butcher supplies his restaurant customers with 3,000 lbs a week of veal bones alone (at 40p per lb) and the same quantity of beef and chicken bones while the market for the domestic chef, until now either in cubes or granules, is worth about £100m.

The value of a good stock was brought home to Rieck and Fitzgerald after a business lunch in Chambers restaurant. Keen cooks themselves, they asked Chambers just why their sauces did not have the same flavour and consistency. The answer, said Chambers, was the quality and preparation of the stocks and in particular his favourite, the jus de veau. Rieck decided to make his own but although his local butcher could supply him with the odd beef or chicken bone, veal bones were impossible to find. He proceeded directly to Smithfield Market and one morning at 6am was buying his veal bones from a wholesale butcher. They were, however, uncut and he had to buy a butcher's saw as well and then hail a cab back to his home near Marble Arch with a three foot long carcass.

Three months' domestic experiments failed to do anything except fuel Rieck's and Fitzgerald's imaginations. In February 1989 they asked Chambers to look into the practical possibilities of making his stocks commercially and selling them in sizes suitable for the domestic chef. There were immediate problems. They realised they would have to have a range to match the cubes and granules on the market but Chambers already found it difficult to buy enough fish bones for his fish stock at the hotel; a solution was found using cheap whole fish. The vegetable stock required 20 different recipes before it was deemed satisfactory. By May 1989 the recipes were ready for testing at the Food and Drink Research Council.

Rieck and Fitzgerald had begun to consider the crucial questions of manufacture and finance. A friend had told them about Remploy, the government-supported company which provides jobs for the disabled, which manufactured vending and cook-chill products in Liverpool. Remploy was interested but wary of what was a completely new market and would involve new plant and machinery. A business plan was written which would take the company through the first four stages of its life and specifications were drawn up for the plant and the stocks (the manual on their preparation runs to 130 pages).

Initially a pilot plant with nominal capacity was built but once the feasibility was proven the main plant on 5,000 sq ft was commissioned by Remploy at a cost of £250,000. This had to meet the health requirements of those who they hoped would be their biggest customers – the supermarkets – and includes boilers, ovens, a pasteurisation unit, a bank of chillers and a packaging area and has a capacity of 10,000 gallons a week. For finance the company went to National Westminster Bank and the company was established with a nominal capital of £100,000 for which the directors had to give personal security. The development of the products has cost a further £250,000, financed by bank overdrafts, a great deal of which has been spent on the purchase of raw materials for the stock. Although Liverpool was an ideal site in terms of costs it was not an easy area in which to buy all the best raw ingredients, particularly the vegetables and herbs. For the first six months the ingredients were sent from London.

The official launch was July 26 last year and the directors could not have hoped for a better response from the food and cookery writers. Their first order came from Harrods, with Selfridges and then Tesco and Sainsbury not far behind and they were to be on the shelves by early September. It was at this stage that they met their first problem. The stocks were to be packaged in 10oz plastic containers, similar to those used for cream. To save money they decided not to print instructions and recipes on to the plastic but on paper to be stuck on the pots. However, after the pasteurisation process the paper would not stick properly but crinkled and became illegible – just like wine labels in a damp cellar. They have switched to the more expensive printing and have redesigned the packaging to make it more appealing.

This delayed the stocks appearance in the shops by three months but at the end of the second quarter sales had risen to £50,000. March 1990 brought the second problem – the beginning of the long, hot summer. These stocks are designed to be used for dishes more suitable for the winter than the summer and initially they had anticipated volume in a normal year to be twice as high over the winter than the summer. However, the hot weather arriving so early caught them with high inventories which had to be expensively financed.

Sales for September 1990, the beginning of what the directors hope will be a long cold winter, have progressed to a satisfactory £30,000. The range of outlets has risen dramatically, without the benefit of any advertising, and they have been been paid the honour of a visit from Marks & Spencer.

Two new products are being finalised – soups and finished sauces – both based on the stocks, and inquiries have come from as far afield as the US. However, as in any young company bursting with ideas, the requirement now is extra funding. To develop products and promote them in new markets, as well as establishing their own test kitchens, Fonds de Cuisines is looking for an extra £500,000 – but only from someone who likes to cook and eat well.

■ *Fonds de Cuisine, 1 Heddon St, London W1R 8SJ. 071-287 2693, fax 071-734 1206.*

Stock holders: chefs David Chambers and Anton Edelman own shares in Fonds De Cuisine

# Idealists and realists

Jane McLoughlin visits a company that creates co-operatives

BOOTSTRAP Enterprises is the small business equivalent of the portrait of Dorian Gray, its original pure co-operative ideology altered by the commercial realities of the Thatcher years. This charity-cum-limited company started 10 years ago in Hackney, one of London's most deprived inner city boroughs, to help local people set up their own small businesses is a microcosm of the policy of the entrepreneurial solution to the social and industrial problems of the period.

It grew out of a community project set up first to deal with housing problems, but finding that these were often indivisible from unemployment. It worked on a self-help basis, supporting disadvantaged people the commercial sector saw as bad business risks ethnic minorities, young people with literacy problems, older long-term unemployed. In effect, Bootstrap made entrepreneurs out of those most unlikely to succeed.

But its early social ideology gave way to commercial exigencies. During the mid-80s, Bootstrap had to set thresholds of literacy and numeracy for those it could support with initial funding and advice. It also provided the original ideas for a viable business, set it up, then offered it to small groups who wanted to run it on a co-operative basis. By 1987, it was setting up 10 to 12 such businesses a year in its converted warehouse in Ashwin Street.

Today, according to Kevin Tunnard, who joined Bootstrap in 1980, and is now one of the five staff, its role in the small business scene has changed again.

"I think the whole business of encouraging people from our target group to set up small businesses has peaked. It's not the same boom industry as it was five years ago." Instead, Bootstrap has started to experiment by setting up small businesses itself, managing them, and employing people on the business they've a good chance of getting a job out of it if it works. If it does, the idea is to look at ways of achieving some worker participation and opportunities for training, or to float off successful small businesses to workers to run themselves.

"We're grappling with the contract culture now," says Tunnard. "The borough wants to put out contracts to co-ops and the likes of us, but they want guaranteed delivery of service. While it has been relatively easy to identify where markets are, it has been a recurring problem for our small businesses to provide service on time and the necessary quality, and the only way we could do it is to do it ourselves. We've started out with a recycling project, for which we're now recruiting a manager.

"It's a new experience for the community lot like us having to grapple with the issues of the profit perspective, whether to put people on bonus schemes, how far we can stretch our responsibility to the individual as a community organisation, and what happens if people won't do anything."

Finding a balance between commerce and caring is a consistent thread running through Bootstrap's history. It has a budget of between £170,000 to £180,000 a year, £42,000 to £43,000 comes from the local authority; £20,000-£25,000 from the European Social Fund; they raise £15,000-£20,000 from charging for workspaces, And another £35,000-£40,000 from charitable trusts. In addition, they will earn £35,000 this year as consultants to local authorities, voluntary organisations, trusts and charities on workspace management, computerisation of accounts, and other areas of expertise.

About 30 separate small businesses or organisations rent space in the Ashwin Street building, some now independent of the Bootstrap umbrella. Everybody pays a market rate for the space. New tenants get a three month rent holiday, allowed for as a percentage of the total rent calculation. Most of the Bootstrap businesses have turnovers between £10,000 to £50,000 a year. A bicycle business which was floated off and has now come back for advice turns over £500,000. Each employs an average three to five people.

The workers in each new business are all paid £40 on Enterprise Allowance, and make little more than that in the first six months. After that, Bootstrap monitors what is going wrong if earnings did not improve. The businesses must charge the market rate for their work, and Bootstrap does their costings for them free.

"They create capital for investment by not paying themselves the right rates. I would think the wage levels for businesses established for more than seven months are between £150 to £200 a week," says Tunnard. "In the case of a welding business we set up, that was at least £50 to £75 a week below trade rates.

"What they gain by setting up a small business with us is independence and training. For example, we had a carpentry/joinery business set up by three women. They had been laughed off building sites, and struggled for 20 months to establish their business, first making their own design furniture and failing to sell, then contracted out to small builders for specialist work. They paid themselves £100 a week. In the end a builder who subcontracted them offered them £300 a week to go in with him. Two years before they wouldn't have had a look in, but in terms of getting employment they succeeded though their business failed.

"That made us look at our business 'failures', and we found that 95 per cent of the people actually got employment. We think struggling to make their business work with us gave them something they wouldn't otherwise have had. But from our point of view, it's demoralising to deal with failure, which is why we started consultancy advising stronger businesses."

Tunnard sees a continuing role for Bootstrap in the small business sector. "There is still a need to come up with a work solution for a core of people through small businesses, and we have a role with experimental example.

"We don't want to end up being a lobby for idealistic co-ops like 10 years ago. We've thrown away any idea that the workforce can control the business, with equal wages for everyone and job rotation. We're pushing differentials and management managing. What we've been doing for the last 10 years has taught us that."

■ *Bootstrap Enterprises, 18 Ashwin Street, London E8. 071 254 0775*

PERSPECTIVES

# If this is the future it's not going to work

***We (almost) have the technology: Christian Tyler meets the competitors at the first robot Olympics***

THE COMPETITORS stood around the walls of the sports hall in various states of undress, eyes blinking and umbilical cables trailing. Agitated trainers crawled about on their knees with screwdrivers, tightening up here and there, occasionally hopping up to tap out some mysterious instruction on a computer keyboard.

It would have been nice to record that the atmosphere for this, the first international robot Olympics, held in Glasgow, European Capital of Culture for 1990, was electric. But – except perhaps in some technical sense – it wasn't.

Robug II, a celebrated climber from Portsmouth Polytechnic, lay at the foot of the gymnasium wall, a metal spider escaped from a nightmare, having his sucker pads adjusted. His little cousin Zig-zag squelched about energetically on the wall above. Zig-zag quite outshone its Russian rival, a blue rectangular box with pale pink suckers, while the big Russian entry, a 40-kilo monster from the Academy of Sciences in Moscow, lay on a bench, apparently dead.

Shadow Walker, a rumpled wooden android with legs encased in orange material from a dressing-up box, was slumped beside the basketball net. Built by a group of amateurs, including an insurance salesman, a civil servant and a first-year maths student from Cambridge University, Shadow Walker was one of the very few man-sized creatures in the hall. Unfortunately, said the maths student, he was not yet quite ready to walk. So when it came to his event, he had to be carried down the three-metre track.

The biped from Cardiff University, however, was already limbering up. A pair of metal legs with neither body nor head, it rocked from side to side like an old man with a double hip operation as the disembodied limbs inched forward.

If the legged athletes looked less than fit, the wheeled competitors were disgraced on Thursday morning when the event began. One of their number, Trolleyman, had been selected to carry the Olympic torch from a Greek restaurant somewhere out on the Great Western Road. Outside the restaurant a large posse of cameramen stood waiting. Inside, two men were tinkering with what looked like a garden spade on wheels. But Trolleyman, a self-balancing robot from the National Engineering Laboratory, East Kilbride, would not budge. Finally it was lifted out to the pavement.

Actor Sylvester McCoy, TV's Dr Who, sizes up the competition at the Robot Olympics

Most of the wheeled robots were no bigger than toys, put together by young science graduates. An exception was Ralph, a Dalek-sized machine that ran about the hall playing pop music and making remarks to the children. But Ralph turned out to be phoney, a rent-a-robot operated by a foxy young man from Essex with a bag in which he was concealing a radio controller and a microphone.

In robotics, even a solitary limb will serve. Fatima, for example, is an arm programmed to throw the javelin. She was entered by the Turing Institute, the artificial intelligence laboratory in Glasgow which devised these Olympics. On another stand was an elephant's trunk from Heriot-Watt University which groped blindly to touch the passers-by. As the contest got under way yesterday in a good-humoured shambles the conclusion seemed inescapable: if this is the future, it isn't going to work.

But let us be fair to an emerging technology. These toy-like contraptions represent some of the first attempts to bring computers into the real world. Computers are good thinkers, but so far they have been allowed to do it away from the public gaze in their own, strictly logical universe. Giving them bodily parts and asking them to compete at athletics is like entering a human sprinter for the world chess championship, or telling a shot-putter to produce a proof of Gödel's theorem.

Robots have been doing simple, repetitive factory jobs like spot-welding and paintspraying for a decade. But until they can "see" the world and learn from experience, they will be useful for little else.

Computer power has been growing a thousand-fold each decade, according to Hans Moravec, of Carnegie Mellon University in the US. But robot engineers want more. A desk-top computer has less brain power than an insect. You need the power of a Cray supercomputer to replicate the nervous system of a mouse or the retina of the human eye – some 1000m computations per second. To mimic the human brain requires 10,000 times as much again.

A domestic robot of mouse-like intelligence might be available in ten years, Moravec told a seminar on Thursday. The next generation might be as responsive as a dog. Ten years on again could see a robot learning from its own map of the world – "superhuman reasoning in a subhuman body". That, said Moravec, opened up the possibility of a human society operating without human beings.

It is the pioneer's duty to be optimistic. But the engineers assembled in Glasgow admit they have been chastened by their attempts to mimic the simplest human activities.

"Why try and solve all the problems when you have got human beings?" said Jim Alty, research director at Turing. "We have got away from the science-fiction business of robots doing everything for us. Besides, why build a machine with two eyes when you can have seven? Why use two legs when you can have eight?"

Wall-climbers are already in demand for work on the outside of high-rise buildings or ships, or the insides of nuclear power stations. Robots on wheels can act as security guards or dish up meals in hospitals. But from the evidence of the first robot Olympics it will be many years before machines develop sufficent eye and limb co-ordination to cross a crowded room or to walk upstairs, let alone to run and jump for gold medals.

Rubik: mathematical genius with a devilish streak

# A puzzling millionaire

***Christian Tyler tries to solve the riddle posed by a Hungarian genius***

THEY ARE reinventing Rubik, in the hope he can do it again. The plastic surgeons of the public relations industry will be hard at work next week when the Hungarian architect who is one of the few honestly rich men in Eastern Europe brings four new puzzles to market.

The mathematical genius with the devilish streak who invented the maddening Rubik's Cube is being written out of the script. In his place appears the inspired designer ("possibly a genius as well") whose mission is to stimulate and educate – a mental therapist.

Unfortunately for the marketing fraternity, Rubik does not fit easily into either of the presentation packs they have designed for him. The truth is more obscure. For Professor Erno Rubik is something of a puzzle – possibly even to himself.

He is slight, suntanned and fit, looking like a yacht-hopping, Mediterranean playboy in his polo neck and sandals. But behind the dark glasses and casual air you can detect the introvert in hiding: taciturn in company, chain-smoking, eyes cast down, fingers drumming the table or doodling on scraps of paper.

His studio is a grand villa in the Buda hills whose parquet floors, black leather furniture and white, pictureless walls, have interior designer written all over them. It is not so much a place where things are invented as a testing shop for the hundreds of ideas that are submitted to it: designs for fire extinguishers, for example, or kitchen gadgets or jewellery.

Rubik knows the commercial value of his name and says he wants to stay in control of it ("not like Pierre Cardin") but he has little to do with the selling itself. That is in the hands of his *alter ego*, the shrewd and affable Tom Kremer, a Transylvanian Jew who launched the cube in the West, holds the licence on the Rubik name and whose percentage has earned him a seven-bedroomed Elizabethan manor house in southern England.

The 46-year-old Rubik seems not so much innocent of the hard-nosed ways of commerce as detached from them. "I have no particular ambition," he said. "It's not like being a high jumper. I would like to do a lot of things, and, if successful, to get my share. I want to be involved, be in control."

He said he did not set out to make money. Nor has he exactly run wild with the fortune he has accumulated. He has a house in the capital and a summer place at Lake Balaton, goes ski-ing in winter and bought a Mercedes 190 about six years ago. He put 10m forints (about $200,000 then) into a foundation to encourage other inventors.

If his own entrepreneurial career has been modest Rubik is nonetheless philosophically all for encouraging the entrepreneurial spirit: "After 40 years (of Communism) there were a lot of people living in a very comfortable situation – not working seriously and getting a job and a salary practically for nothing. They lost the feeling of quality and responsibility."

Many promising ideas had gone to waste in the past because of the stifling effect of the central planning system – "not just in Hungary and not because Hungarians are stupid.

"No economic system works based on political theory. The economy has its own rules. It's like an organic being and you must leave it to be independent. You must leave people to do what they are able to do and find the balance, their 'homeostasis'."

Rubik says he was never a member of the Communist Party, nor any other for that matter. In spite of his fame he remains aloof from politics. Why? "I proved it is possible to achieve something under any circumstances."

He thinks others must learn to fend for themselves too. "I don't want to criticise, but I don't agree with blind charity. I don't believe that solves anything, especially not in a social context.

"You can do much more if you can give hundreds or millions of people something as part of the content of their life – try to do something not to cure but to prevent illness. I believe in that kind of medicine."

Professor Rubik may have been referring here just to the curative power of his puzzles, but I very much doubt it. The taciturn toy millionaire had changed before my eyes into a freewheeling philosopher. "One day," he said finally, "I will write my ideas for the public." Meanwhile, try as they will, Rubik's marketing cohorts are unlikely to repeat the extraordinary success of his first toy. You get the feeling that the owner of the label himself does not care too much whether they succeed or not. He is looking for a more interesting answer to the riddle of his life.

Fishing

# Humbled by the master casters

IN NORMAL circumstances, to walk the banks of a beautiful river for the first time, to see that is full of fish and that they are feeding well, and to know that you may not try to catch one, would amount to an odious species of mental torture.

However, on the Welsh Dee last week it was no such thing. In fact, nothing would have induced me to fish; not that anyone was likely to ask me. It would have been like turning up for a cricket net and finding that you were expected to bowl to Graham Gooch, or – worse – bat against Malcolm Marshall. For ranged along the Dee those two days were nigh on a hundred of the best fishermen in the world, gathered for the 10th World Fly Fishing Championship. With such a concentration of angling skill on display, it was a chance to watch and learn.

Like many stuffy, old-fashioned anglers, I have strong reservations about competitive fly fishing. Many of these undoubtedly spring from a lively awareness of my own mediocrity. But there is also a philosophical antipathy. I don't like the notion of rules, allocated stretches of water, time limits, judges, the sharper than usual realisation that not to have caught fish is to have failed. And I prefer to surround my bunglings with as much privacy as possible.

However, it does not do to be snooty about these matters, for each seeks his fun in his own way. Besides, to see a top-notch competitor is quite something. I was fortunate, in that I spent much time with the captains of the Polish and Czechoslovak teams, both of whom I had fished with during the summer. I therefore saw the best, since the Czechs won the team event, with Poland second, while the two top individuals were both Poles.

In the two-and-a-half hours during which I was watching him, Franciszek Szajnik – the eventual champion – whipped out 18 trout and grayling above the 20 centimetre qualifying size. The conditions were awful, cold with a tree-bending downstream wind. But they did not inhibit him. First he caught them on a small dry fly, one after another. Then he switched to a nymph, and his rod was bending again.

His concentration and application never wavered, even though he had been up half the night tying the flies he knew he would need. There were no tangles, no pauses for head-scratching. All the time he was fishing the fly, playing the fish, or wading to the shore for his capture to be measured. His display made me – shall we say – sensible of my limitations.

The seriousness with which the Poles and most other teams approach the business on the water is matched by the passions which flare off it. I encountered the Swedish captain, boiling with indignation because of a mix-up over the allocations of beats. The captain of France was incensed over allegations that an Englishman had invaded their territorial waters. The Italians were permanently in trouble for refusing to travel in the official buses.

Dealing with these and a thousand other problems of language, culture and geography was a band of good-humoured, resourceful and hard-working Welshmen, led by the principality's most celebrated fisherman, Moc Morgan. The credit for the success of the championship is shared principally by them, and the River Dee.

For the record, Belgium were in third place, followed by France, England and Italy. The English fisherman, Brian Leadbetter, won a special prize for falling in three times. The Welsh, fulfilling the roles of perfect hosts, finished nowhere near the top – although their captain had reason to feel pleased, having sneaked off on his own to a neighbouring lake to catch an 8 lb trout.

Next year's championship will be held in New Zealand, the angler's El Dorado. Unfortunately, it seems unlikely that either the Czechoslovaks or the Poles will be able to go unless they receive substantial help in meeting what is to them an enormous cost. Does anyone know if Robert Maxwell is interested in fishing?

***Tom Fort***

Archaeology

# The games people play

***Patricia Morison views a fascinating exhibition at the British Museum***

FORGET Trivial Pursuit and Monopoly. This board game really *is* an old and traditional favourite – 4,500 years old in fact. It's not exactly a catchy name – it's called Ur – but at one time, it was the hottest game in town.

The Royal Game of Ur has been dated back to 2600 BC in Mesopotamia. It was discovered in 1932 during excavations of the palace at Ur, now in Iraq, by the archaeologist Sir Leonard Woolley. The five board games were the oldest ever found. The boards had 20 squares, and Woolley found pyramid-shaped dice and counters – but no rules.

Whatever the rules the "game of 20 squares" was to become the best-loved game of the ancient world. All over the Near and Middle East, archaeologists have dug up quantities of boards dated from the third to the first millenium BC. A game which looks like a direct descendant is still played in a Jewish community in southern India, possibly because the Jews who left Babylon in the 5th century AD took their game of 20 squares with them.

You used to be able to buy a cardboard version of the best of Woolley's game-boards at the British Museum. The rules, however, were pure guesswork. Now, almost 60 years on, Woolley's discovery has found its decoder.

By one of the stranger archaeological flukes, the key was waiting in the British Museum all the time. Assyrologist Dr Irving Finkel discovered it by deciphering a cuneiform tablet which has lain in the collection, undeciphered, for a century.

It is one thing to know there are people who can read cuneiform and something else to be confronted by the reality, a chunk of baked clay covered in a myriad scratches as if tiny pigeons had been dancing a hornpipe.

Dr Finkel's tablet was written in 177-6 BC in the reign of King Seleucus, one of the Near Eastern dynasties established in the wake of Alexander the Great's conquests.

Trevor Humphries

Dr Irving Finkel, of the British Museum, with the board game for which he has found a set of rules

Dr Finkel explained that the tablet gives a "souped up" version of the Babylonian national game, which presents some problems. "You have to make up a bit in order to play it because the scribe was assuming that whoever was reading it could play in their sleep."

However, scholars already know that the rough principle behind the royal game is that of all "race games" which, broadly speaking, means it is like backgammon or ludo. Players move paired counters around a track according to throws of a dice.

In the case of the Royal Game, two players start from opposite sides of the board and have to get "home" with five pieces, thought of as dogs, planets or pitchers of beer.

The tablet explains that there are specific throws to get on the board, and a player in possession of a square can be knocked off if the other player lands on it.

Certain marked squares were lucky and the benefits of landing on them were graded: enough food, enough beer, finding a woman. Conversely, penalties a player might incur read as "not enough beer" or "the women down the pub hate you."

Finkel thinks that the royal game must have been a good one for it to endure three millennia, and that the thrill was probably last-minute reversals of fortune.

There is, he points out "no textual evidence" that they gambled. However, a cuneiform tablet bears the gnomic text: "Oh woe, oh woe! My knucklebone, my knucklebone!". This could be read as "my ankle", but Finkel prefers to interpret it as the lament of a Babylonian gamester who had thrown his knucklebone dice and lost his shirt.

You can see Finkel's tablet in a fascinating display, "Board Games of the Ancient World" in Room 88 of the British Museum (until January).

Meanwhile, with Christmas not far off, let us hope the Museum's marketing department is working on a new issue of the Royal Game – Finkel's Rules, of course.

# Mystery of the missing US servicemen

Continued from page I

from so doing by his CIA controllers.

On one occasion Bush, then Vice President as well as former head of the CIA, is said to spend two hours on the phone in an effort to convince Congressman Billy Hendon that in 1981 Hanoi was trying to auction the remains of 57 American soldiers, not 57 live prisoners. On another, Bush calls off Perot, the presidential investigator. "I have been instructed to cease and desist," Perot subsequently tells the families of missing men. Along the way a member of the National Security Council, Richard Childress, warns Jensen-Stevenson *sotto voce* that, by continuing her researches, "You could jeopardise the lives of prisoners still there." Was this a genuine admission, a dubious invocation of security, or an attempt to cajole her in a language she might understand?

It is a saga which might sound incredible, if it did not follow the hard evidence of Irangate. It cannot all be true, but it cannot all be false. It presents a powerful case that many prisoners were held back, often in appalling conditions; that the US authorities had detailed intelligence from spy satellites and ground information of their locations; and that this was denied. Allegations of deliberate betrayal and the sinister motives for it are based on less certain evidence, but there is plenty in them to be highly disturbing.

In a final note the Stevensons say that all their many necessarily "blind attributions" (sources preferring to remain anonymous) are backed by "sworn statements and other documents". The only certainty is that sooner or later the lawyers will have a field-day that could last into the next century.

■ *Kiss the Boys Goodbye*, by Monika Jensen-Stevenson and William Stevenson (Bloomsbury £16.99). Justin Wintle's account of his recent experiences in Vietnam, *Romancing Vietnam*, will be published by Viking Books next February.

# Where lunch prices rise during the meal

INFLATION IS one of the most striking aspects of daily life in Argentina. This is, after all, one of the world's inflation champions, with two hyperinflation episodes this year alone. Prices have increased by thousands and thousands of per cent per cent since 1960, although nobody is sure of the precise figure.

If coping with hyperinflation is bad enough, Argentinians are having to deal with galloping dollar inflation as well. In most inflationary societies, hard currency is the perfect hedge against rising prices. But that is far from the case in Argentina, as I discovered when I began looking for a new car and a television set following my arrival here last month.

I decided to buy a Hitachi TV set, made at a screwdriver plant in Tierra del Fuego. I was told it would cost $660. I was staggered – surely a Japanese TV set in most other places in the world would cost only half that. The embarrassed salesman said: "Well, yes, I'm sure it would. Except that we have dollar inflation, as well as inflation in our own currency."

Ah. The salesmen urged me to buy now, because prices – all quoted in dollars – are rising daily. It was no high-pressure sales gimmick: that afternoon a new price list arrived raising the price to $750. A friend told me snidely that he paid "only" $450 for a similar set 18 months ago.

The car market is even more bizarre. Cars are virtually an investment-quality asset in Argentina, because they have acquired a rarity value. Companies build fewer and fewer cars because fewer people can afford to buy them, so manufacturers raise prices to cover costs, so fewer people still can afford to buy a car.

That explains why a peanut-shaped Fiat 600 made more than 15 years ago can still cost as much as $3,000. Companies say prices for basic inputs such as steel and electricity are increasing above the inflation rate, which pushes their costs up further still. Even prices of imported goods rise. An imported compact disc retails for about $20. Six months ago, it sold for $15.

Argentinians keep their savings in dollars, one of the causes of the country's celebrated capital flight. They price everything in dollars, hoping to insulate themselves from inflation. But inflation has contaminated the greenback as well. The government's latest anti-inflation strategy has reversed the austral's decline, and the dollar is falling in value as prices rise.

I went out for lunch the other day and checked the dollar rate (a rapidly-acquired Argentinian habit), as I went by the exchange houses that proliferate in central Buenos Aires. The dollar was worth 5,980 australs. By the time I got back it had fallen to 5,830 australs, adding about 2 per cent to the price of my meal. Gone are the days when real prices fell as people did their shopping. Argentinians now scornfully dismiss the dollar as "worthless".

Five dollars now buys a barely adequate meal in central Buenos Aires. A year earlier, a princely meal for four would not have cost much more. Argentina's economy may actually show some (entirely illusory) growth this year, as the austral rises in value against the dollar. Prices have risen by 1,700 per cent in the last year, but the austral's value has been adjusted by less than half that rate, meaning the cost of living has doubled in dollar terms in just one year.

One would think that imports would begin gushing into Argentina. But retailers, like most Argentines, are expecting the austral to collapse at any moment, so they aren't ordering cheaper goods from abroad in case they suddenly become much more expensive than locally-made products. And importers find it hard to sell to Argentina because distributors are afraid of being blacklisted by offended local suppliers, most of whom are cartelised.

Inflation is widely regarded as a powerful social opiate. Inflation disguises falling incomes as wages increase by phenomenal amounts (but never quite enough to keep up with spiralling prices). The government can balance its books painlessly by printing money. Like many addicts, Argentines know their habit is killing them, but can't give it up. Giving up inflation is like going cold turkey – a traumatic, violent effort that is rarely entirely successful.

***John Barham***

PERSPECTIVES

# Exit stage left – the Barbican Theatre

**Antony Thorncroft on why the spotlights are being dimmed**

ON NOVEMBER 10, the Barbican Theatre, London home of the Royal Shakespeare Company, goes dark for four months. It is the first victim of the war that fate seems to be waging against theatre companies throughout the land. If they are not accidental casualties of poll tax capping, they are reeling from higher than anticipated inflation, or from the changes in educational funding which have decimated school visits. It is even possible that some of their troubles have been caused by over-ambitious programming by theatre directors.

The RSC has pulled the plug first, partly because its size makes its deficit – more than £3m and rising – particularly worrying; partly because it is changing managements and the blame for the closure can be fudged; partly because it does not like playing in the Barbican anyway; and partly because it does not despise the grand political gesture. Having made its point its reputation with its Government paymasters might now be improved if it finds at the last minute a production to fill some of the blank nights.

But if it was not the RSC pulling down the curtain it could well be the Derby Playhouse, or the Young Vic, or the Lyric Hammersmith, or the Liverpool Playhouse, or the Bristol Old Vic, or Contact Theatre, Manchester, or any of half a dozen more theatre companies around the land with severe financial problems. After years of crying wolf the chickens now face the real prospect of being gobbled up.

The problems differ but the prognosis is equally gloomy. The only organisation that in theory could help out, the Arts Council, has no money left. All Anthony Everitt, its secretary general, can do is to write begging letters to the men who control the purse strings. This week he was writing to Sir Paul Beresford, Leader of Wandsworth Council, pleading the cause of Tara Arts, the locally based Indian theatre company which has just lost its £55,000 council grant. It is a letter that he will be repeating frequently over the next few months, but just as Tara faces a trimmed down future so do theatre companies around the land.

Wandsworth made the cut because it wants to keep a low poll tax. Neighbouring Hammersmith has been capped by the Government, and, in order to cut spending by £2.6m, has axed £100,000 from its £367,500 grant to the Lyric Theatre. This places the theatre in a quandary, which will become endemic.

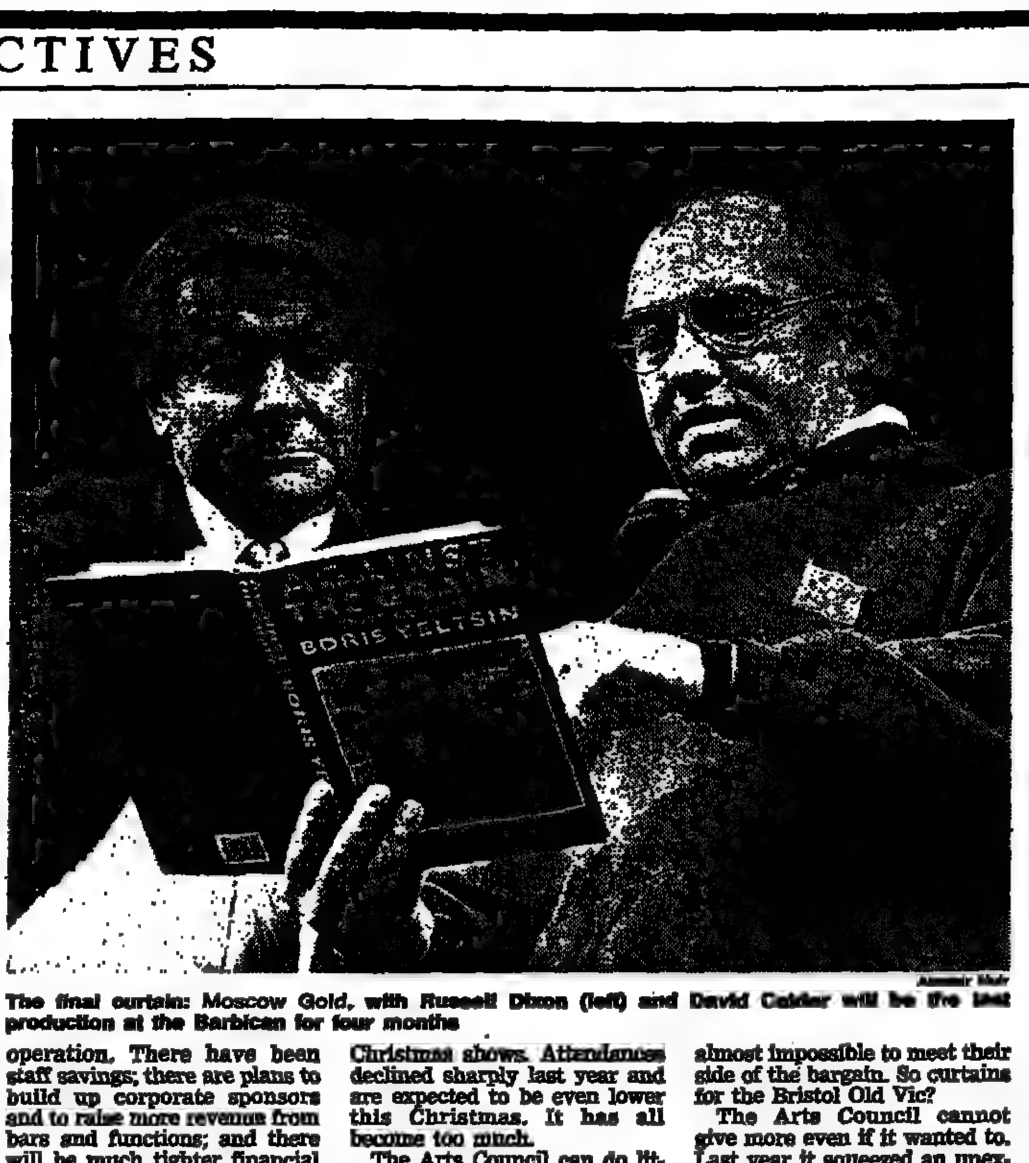
Is it best to reduce its programming, only mounting one new production next year and relying on co-productions and hiring out the theatre to touring companies, at the risk of losing its Arts Council grant for lack of enterprise: or should it continue with imaginative and expansionary ventures with the possibility that its deficit, already £140,000 and rising, grows to threaten the existence of the theatre? Its recent experiences with *Morte d'Arthur*, creatively exciting but financially disastrous, suggest caution. Fortunately this week there were signs that the council might have a last-minute change of heart.

The situation in Hammersmith is repeated in Derby and Bristol where rate capped councils feel bound to cut their grants to local theatres if they are reducing spending on old people's homes and school meals. In Liverpool a long-running financial wrangle seems slowly to be approaching a resolution. Here Liverpool City and Merseyside Council only contribute £200,000 towards the funding of the Everyman and the Playhouse theatres while the Arts Council puts up £810,000 a year. The Arts Council is seeking parity of support with local authorities throughout the country and is threatening to reduce its contribution to Liverpool if the councils do not cough up. It was a strategy that worked well before the appearance of poll capping and it still hopes to reach a deal in Liverpool.

In the meantime, the Playhouse, with a deficit of more than £500,000, is operating very cautiously and going for co-productions which stand the chance of a profitable West End transfer. It has pulled off two, *Having a Ball* and now *Fences*, which opened at the Garrick in London this week. It has fought off the Arts Council's suggestion that it should close down for a few months. Director John Stalker reckons that the cost in redundancies, and a disenchanted audience, is greater than any short term benefit.

What is unfortunate is that theatres which have tried to insure their way out of trouble by taking in touring productions, like the Theatre Royal York, have come equally unstuck. It had built up losses of £200,000 and economised by freezing its local rep and relying on visiting companies. Sir Peter Hall's *Wild Duck* lost it £60,000 in two weeks and the Feydeau farce, *The Dressmaker*, with Ronnie Corbett, £40,000.

Nottingham Playhouse built up its deficit of £200,000 by over-ambitious ventures, notably an ill fated touring production of *Hello Dolly*, but it is now putting its faith in a re-jigged management team consisting of an executive director to look after the finances, an artistic director to concentrate on repertoire, and a general manager to run the day to day operation. There have been staff savings; there are plans to build up corporate sponsors and to raise more revenue from bars and functions; and there will be much tighter financial controls. It is the blueprint for theatres throughout the land.



Alastair Muir

The final curtain: Moscow Gold, with Russell Dixon (left) and David Calder will be the last production at the Barbican for four months

Traditionally most theatres relied on their panto or Christmas show to build up a profit which was then eaten up by artistically adventurous work during the rest of the year. But now there is less subsidy for school trips to the matinees of Christmas shows. Attendances declined sharply last year and are expected to be even lower this Christmas. It has all become too much.

The Arts Council can do little. It seemed to be making progress with its joint funding deals with local authorities in Birmingham, Leicester, Leeds, Ipswich and Bristol, which have produced an extra £1m in grants in the past year. But now, with the best will in the world, rate capped councils, like Bristol, are finding it almost impossible to meet their side of the bargain. So curtains for the Bristol Old Vic?

The Arts Council cannot give more even if it wanted to. Last year it squeezed an unexpectedly high grant from the Government and gave most theatre companies an 8 per cent rise. But inflation has wiped out this, and more, and the proposed increase of around 4 per cent for 1991-92 will hardly save the day. The fatal climax is approaching when theatre companies confront both entrenched deficits and the inevitability of running at an annual loss. Even when their reputation enables them to fund raise enough to pay off the deficit, which seems to be currently happening at the Young Vic, the long-term under-funding will continue, leading to another crisis in the near future.

It is little wonder then that the Arts Council is contemplating the tougher options – axing some companies from its pay list to shore up others. It is also thinking hard about the fact that almost half the £33m it is distributing this year goes to just two companies, the Royal National Theatre and the RSC. Unless David Mellor, the arts minister, can persuade Margaret Thatcher, the prime minister, that the arts are a vote winner, the final solution could emerge in December when the Arts Council divides an inadequate 1990-91 grant.

Cynics say we have been here before many times and theatre always survives. Indeed, new venues open. But the continuous squeeze is eating away at the health of national drama. In the decade up to the late 1980s the number of actor weeks at Arts Council funded theatres has declined by a third, suggesting that managements were limiting the options by putting on plays with smaller casts.

There is now less Shaw and Chekov performed although Shakespeare, with its opportunities for doubling up in the cast, continues to provide 12 per cent of the repertoire. In terms of productions and attendances there has been a standstill for the past five years. Theatre is stagnating in the UK. The government's favourite solution – higher box office and more commercial sponsorship – is unlikely to be effective in a recession. The buck really does stop with Mellor.

FOOD

# A feast of flavours without frontiers

**Nicholas Lander tries a restaurant where France meets Spain**

WHEN applied to restaurants or cooking the adjective "international" fills me with gloom, for it usually implies the worst rather than the best of all possible worlds.

As good cooking acknowledges no national frontiers the correct adjective should really be "supranational", and the French should be the first to acknowledge their debt to others. It was after all the cooks who travelled with the various Italian princesses of the 16th century who were on their way to marry French princes who passed on what they had learnt in Florence and Venice to their French counterparts, and allowed the French to catch up.

The UK can boast similar trends. Nico Ladenis, born in East Africa, cooks in London's West End. Franco Taruschio brings the Marche of Italy to Abergavenny, mid-Wales, while the younger British chefs are being influenced more and more by the country's increasing number of talented Chinese, Japanese and Indian chefs.

However, as an island the UK lacks that physical convergence of frontiers which can produce a wonderful mixture of tastes and flavours, almost in fact another style of cooking. Where France meets Germany in Alsace the cooking can be far more than the best of both countries. So, too, in Piedmont, where Italy meets France. In America the most exciting culinary developments have been in California with all its Pacific influences, and in Texas, where southern American cooking meets the best of Mexico.

This same happy mixture of tastes and flavours was waiting to be discovered during a short stay in Ceret, in the foothills of the Pyrenees on the Mediterranean route from France into Spain. Although still in France many of the restaurants boast Catalan specialities, and there is an obvious move away from butter, cream and reductions to the Mediterranean staples, olive oil, fish and vegetables. And while most restaurants in France begin the lunch service strictly at midday, in this region restaurants open at 12.30 or 12.45 and stay open until the late afternoon.

I claim no credit for discovering Ceret, which sits in the mountains under the shade of enormous plane trees, with clear mountain water running down the gutters to the plain below. It became home to many of the Cubists in the early 20th century, and the modest Museum of Modern Art houses a "mere" 59 Picassos, 14 Matisses and many others by Gris, Chagall and Jacob.

The air is cool even in the heat of the summer and the countryside rich and interesting; because of its climate, with 300 days of sunshine a year, Ceret is normally the first town in France to produce cherries and the cherry market is held here in May and June.

Until recently a large, empty town house built at the turn of the century stood majestically in the corner of the Place Picasso, opposite the Porte d'Espagne. In 1987 it was bought by Robert Pairot, a local man who has built up a big business supplying cork to the Champagne houses. It lay empty for a year before Pairot – who likes good food and wine – decided that although there were plenty of restaurants and hotels in Ceret, what the town needed was that particular French institution: a restaurant with rooms.

He proceeded with style. A designer was hired to restore the charms of the 1820s and the two suites and one bedroom have been fitted with Art Deco reproduction furniture. To run the hotel, to be called Les Feuillants in view of its proximity to the cool, leafy plane trees, Pairot took the advice of Didier and Marie-Louise Banyols, who ran his favourite restaurant, the much acclaimed Relais Saint-Jean, in Perpignan, 45 minutes downhill by car.

Everything proceeded smoothly until March of this year when the couple whom the Banyols had recommended to run the hotel decided to leave the calm of Ceret for the bustle of Barcelona. It was particularly unfortunate as the hotel had to open soon to take advantage of the summer trade.

With the improvisation born of desperation Pairot called the Banyols and asked them to come to Ceret. He showed them the hotel and asked them to take it over immediately, with the offer of a share of the profits. On the strength of a handshake the Banyols agreed and drove back to Perpignan to close their own restaurant, which they have put on the market before starting a new life.

Despite this jump into what appears to be the very deep end, the Banyols arrived with certain advantages. In true French style it is a family affair; M. Banyols cooks alongside his brother-in-law while the two wives run the front of house. Over the holidays their son was working as a waiter. They also had the discipline which comes of running their own successful restaurant, and the bonus of being trained for careers outside the restaurant world – he had studied to be an engineer, she was going to be a lawyer. This and their own natural talents have allowed Les Feuillants to open successfully.

Although Marie-Louise's parents used to own a brasserie it is unlikely that she thought she would progress as far as she has in the world of wine. She holds the title of Best Sommelier in both the Midi-Pyrenees and the Languedoc regions and recently came a creditable fifth in the competition to find the best sommelier in France.

She has put together a comprehensive list to show off not only the up-and-coming local Rousillon wine producers but also her husband's cooking. She is particularly proud of the extraordinary dessert wines of the area – the *vins doux naturels* of Banyuls and Rivesaltes – the most expensive of which are no more than FFr40 francs a glass and, with considerable age to them, provide a fine end to a very good meal.

And her husband can certainly produce some wonderful dishes. The discipline of a mathematical training and brief spells in some of France's top kitchens have more than compensated for the fact that he started cooking at the relatively late age of 31. He steers away from cream unless absolutely necessary although two soups – a green tomato soup with summer truffles and a pale clam soup topped with egg whites and caviar – showed that he can take advantage of it when necessary. Sauces, he believes, can mask the true flavour of a dish and he prefers to work with the juices from the dish that is being cooked. Two examples using fish landed at Port-Vendres 20 kilometres away showed that; fillets of red mullet with fennel and artichoke and sea bass with a warm vinaigrette on a bed of extremely tender vegetables.

The same care goes into the small brasserie where one can eat outside and which serves as a café and ice cream parlour during the afternoon. A huge range of ice creams and sorbets is made in the kitchens using locally grown fruit – only the bananas have to be bought in. At FFr120 for three courses, the menu offered tête de veau with a tangy ravigote sauce, grilled lamb chops with dauphinoise potatoes and a stunning confit of duck with fresh figs.

Although the pleasure of eating at Les Feuillants owes a great deal to the skill of the Banyols, another dimension is given to the food by the restaurant's location on the borders of France and Spain.

Here meet the produce of two different countries and cultures – the famous anchovies of Collioure on the French coast, skinned and served with red peppers alongside the milk-fed lamb from the mountains of Spain – and the skills of a highly qualified French chef who values the simple Mediterranean staples that have long been the backbone of good Spanish cooking, in particular the fresh vegetables and fruit. And as you sit there astride two different countries, nobody is going to bother you for your passport or identity card.

■ *Les Feuillants, 1, Boulevard La Fayette, 66400 Ceret, France. Tel:68.87.37.88. Suites FFr950, room FFr650. Dinner approx FFr300. Open all year except February. Visa and Access.*

James Ferguson

Didier Banyol of Les Feuillants: mathematical background and a penchant for good food

# Time to open an oyster – again

**Giles MacDonogh has happy memories of a mollusc**

THE OPENING of the oyster season brings back happy memories: a trip around the oysterbeds at Bouzigues near Montpellier in southern France; a blow-out at the wonderful Morans of the Weir in Galway Bay on the west coast of Ireland; an oyster eaten in a covered market in Auckland, New Zealand, which had been simply dipped in batter and deep-fried; buying oysters from the Coupole in Paris on Christmas Day. I was a late starter, eating my first oyster at Oxford in the rooms of a North American friend who told his guests to cover the molluscs with a mixture of tomato ketchup and tabasco: 36 hours later we were all terribly ill.

All these memories, and more besides, came to me as I slipped down half a dozen natives at Greens, of Marsham Street, London earlier this month.

I always return to oysters, no matter how badly I have suffered, the good memories still outweigh the bad. Although I have eaten thousands of oysters since that unfortunate Oxford lunch, I have never known much about them, except that the "native" had a round, flat shell and the "Pacific" was longer and deeper.

Captain Gibbon, of the Offshore Oyster Farm, in Totnes, Devon, filled me in on the historical background. Until the railways, he told me, Europe was surrounded by beds of smooth, flat-shelled, native oysters.

With the easy transport which came into existence in the mid-19th century the beds were decimated by a European oyster craze. Finding the beds almost bare, fisheries began to replace the native (ostrea) with the Portuguese (crass ostrea angulata) and American (crass ostrea virginica).

With these new breeds came new diseases which destroyed the fickler European native. By the turn of the century the native had become a rarity and the oyster craze came to an end.

In the 1960s the Ministry of Agriculture, Fisheries and Food encouraged fisheries to start breeding the Pacific oyster (crass ostrea gigans). The Pacific oyster had many advantages: it grew well, reaching maturity in two summers, and it was resistant to disease.

The oyster could not establish itself in English or Irish beds because waters around Britain were not hot enough and had to be "seeded" in two main hatcheries. There was a considerable advantage here: as it did not use the summer months to reproduce, it could be eaten all the year round.

A revival of oyster eating in general has caused a revival of the traditional native beds, such as those at Colchester, Essex, Whitstable, Kent and Cork and Galway in Ireland. Their produce comes into its own later in the season, from October onwards.

To tackle the delicate question of illness and oysters I spoke to David Hugh Jones, of Atlantic Shellfish, Cork, who thinks that most problems are either a result of an allergy to the mollusc or some pathogen which had got into the oyster. The incidence of illness was rare these days, he said, because most good fisheries use a purification system which cleans the oyster over a 48-hour period.

Naturally, he added, people had to go to establishments which were used to opening and serving oysters, or buy them and check them themselves.

Elaine Kirkaldy, of Seasalter Shellfish, Whitstable, reminded me that drinking spirits after eating oysters often brought on sickness, the live molluscs reacting badly when mixed with strong alcohol.

With Britain's oyster population growing all the time, suppliers are now attempting to get a larger chunk of the population to eat oysters.

David Hugh Jones' Aossmore beds, which supply nine-tenths of the London restaurants in the *Good Food Guide*, now sell oysters from the Food Hall at Selfridges in London. His company is also marketing a new oyster opener.

Cookery

# Food fit for an angel

I DON'T often enthuse about books by chefs. It is not that they lack inspiring ideas, but I would rather eat the recipes cooked by their authors than try to cook them myself.

Chefs and home cooks rarely speak the same culinary language. Chefs think big, not in terms of family or dinner party numbers. Their time and resources are not curtailed by having other careers, and their dishes are not designed for cook and diner to share. Chefs stay in the kitchen. Home cooks, in charge of front of the house as well as the kitchen, want to relax with their guests.

The *Carved Angel Cookery Book*, by Joyce Molyneux with Sophie Grigson (published on September 20 by Collins at £16.95) is a breath of fresh air, the most un-cheffy book by a chef I have come across. Wonderfully accessible as well as delicious, it delivers the goods to the cook at home.

Joyce Molyneux's style is blessedly unfussy, never strained. She excels in producing food that tastes of itself, country house cooking at its best. She is unsurpassed at combining and refining ideas. Sometimes she spreads her net far and wide, seamlessly weaving ingredients and methods from other cultures into our own. The results appear the most natural of progressions, perfectly at home in an English dining room.

She has a tremendous feel for the seasons and for acquiring top quality produce. She is a great encourager of local growers, producers and shopkeepers. Chutney-makers, fungi hunters and small boys fresh from fishing expeditions are all welcome at her door.

Joyce Molyneux also explains in her book the way she runs her restaurant and kitchen at The Carved Angel in Dartmouth, Devon. She describes how she nurtures and encourages the development of her staff in all aspects of the business (just as she was taught by George Perry-Smith of The Hole In The Wall, in Bath). Many good British restaurateurs of the future will spring from this source.

One of the clever things about the book is the fact that the recipes have been discussed with and are worded by Sophie Grigson. The use of Grigson as a filter dispels any whiff of intimidating cheffery that might have crept in by nature of Molyneux's professional kitchen experience, and makes the recipes truly practicable for the home cook. There is not one recipe that I do not want to get my teeth into.

Here is a sample trio of recipes. The duck recipe is typical in that it calls for last minute cooking and plate service. You will note, however, that the method is simple and, sensibly, it is a recipe for two.

### MONKFISH & CUCUMBER BROCHETTES

Delightfully fresh kebabs with the crunch of cucumber and firm cubes of fish. For each serving you will need: 5 oz monkfish; a two inch piece of cucumber; 1 teaspoon chopped dill; 1 tablespoon olive oil; 2 teaspoons lemon juice; 1 bay leaf, halved.

Cut the monkfish into 1 inch cubes. Halve and seed the cucumber then slice into ¼ inch semi-circles. Mix the monkfish and cucumber with the dill, oil, lemon juice, and salt and pepper. Thread on to a skewer, alternating fish and cucumber and slipping the bay leaf halves in among the rest.

Place under a preheated medium grill for about 4 minutes on each side, turning once, until the monkfish is just opaque throughout. Serve immediately.

### WILD DUCK WITH BLACKCURRANT & BEETROOT SAUCE

The earthy sweetness of beetroot and blackcurrants marries well with the gamey taste of wild duck. Save the legs to use in another recipe, such as Duck Legs with Quinces, also to be found in the book.

For two people you will need: 1 wild duck – for example mallard; 2 tablespoons brandy; ½ pt duck, game or chicken stock; 1 oz redcurrant or apple jelly; 2 oz blackcurrants, topped and tailed; 2 oz cooked beetroot, grated; 1 tablespoon crème de cassis.

Sever the legs from the duck's body and set aside for another dish. Sprinkle the duck with salt and pepper, put in a roasting tin and roast at 230 C/450 F/gas mark 8 for 20 minutes. Pour the brandy over the duck and swirl in the juices to warm. Ignite. When the flames have died down lift the duck on to a heated serving dish and keep warm.

Place the roasting tin over direct heat and add the stock. Boil hard until reduced by half, scraping up all the meat juices. Add the jelly, blackcurrants, beetroot and cassis, stir and bring back to the boil. Reduce heat and simmer very gently for 5 minutes. Taste and adjust seasoning.

Cut the breasts off the duck and carve into thin slices. Crush the carcass of the duck to extract any juices and add them to the sauce. Pour a puddle of the sauce on to each plate and arrange the sliced meat in a fan shape on top. Serve with game chips.

### QUINCE CUSTARDS

This is a very special pudding, rich yet light, with marvellous flavours.

For six people you will need: 1 lb quince; 4 oz caster sugar; 1 vanilla pod; ¼ pt cold water. For the custard: 1 pt single cream; 6 egg yolks; 1 generous pinch of saffron filaments; 2 oz clear honey.

Peel, core and slice the quinces. Place in a pan with the sugar, vanilla and water. Cover and cook gently for about 30 minutes until the quince is tender and the juices are thick and jammy. Remove the vanilla pod. Divide between six ramekins.

Whisk together the custard ingredients and pour into a bowl set over a pan of simmering water, making sure that the base of the bowl does not touch the water. Cook the custard over low heat for about 5 minutes, stirring until it is thick enough to coat the back of the spoon. Strain and pour over the quinces.

Stand the ramekins in a roasting tin filled with warm water to a depth of 1 inch. Place in a preheated oven, 140 C/275 F/gas mark 1, and cook for 1 hour until set. Eat warm or cold.

**Philippa Davenport**

MOTORING/GARDENING

# Big thinking is on the way out

AFTER THE party, the hangover. When the doors close tomorrow on the biggest and best British International Motor Show ever held at the National Exhibition Centre, Birmingham, the car industry and trade will turn their eyes to the year ahead.

The prospect is fairly daunting. After a succession of record-breaking years, British car sales are 11 per cent down this year. In 1989, 2.3m new cars went on our roads, just over 500,000 of them in the new "G" registration bonanza month of August. This year, August "H" registration sales dipped by more than 13 per cent to just under 433,000.

Many in the motor business will be pleased and relieved if this year's registrations break the 2m barrier. Looking on the bright side, Geoffrey Pelling, chief economist of the Society of Motor Manufacturers and Traders, points out that even if they only just top 2m, they will still be the third best on record. (Total registrations were 2,013,698 in 1987, 2,215,574 in 1988 and 2,300,944 last year). The losses in the first eight months of the year have been fairly evenly spread.

Winners, who have gained market share in spite of – with one or two exceptions – selling fewer cars than in 1989 include Audi-VW, Citroen, Vauxhall, Honda, Mazda, Mercedes-Benz, Mitsubishi, Rover Group and Saab. And the principal losers have been BMW, Fiat, Ford, Nissan, Peugeot-Talbot, Renault and Volvo.

The losers' slide will not necessarily continue in the months ahead. Ford and Nissan, for example, were running down production and then phasing out important models – the Escort and the Bluebird – while preparing to introduce their successors. The arrival of the new Escort in dealerships, in spite of its less than enthusiastic media reception, is bound to put new life into Ford's sales figures. The British-made Primera – the Bluebird's successor but not its direct replacement – will do likewise for Nissan.

Volvo's situation looks less happy in the short term though the introduction of the 960, with its in-line 6-cylinder engine, will help. Leaked reports that BMW's biggest seller, the 3-Series, is being replaced next March won't have encouraged sales of the current model.

Fiat will be relying on the new Tempra saloon – and its soon to arrive estate car version – to perform better in the British market than the Tipo hatchback on which the Tempra is based. Renault has great expectations of its Renault 5 replacement, the Clio, though it does not arrive here until early next year.

*Stuart Marshall thinks tough times are in store for the car industry*

As petrol prices approach £2.50 per gallon for leaded premium and £2.25 for unleaded, diesel cars seem likely to become more attractive to fleet and private buyers. At the moment, they account for less than 6 per cent of UK car sales. In France, where the government actively encourages them, more than one in three new cars is a diesel. With their fuel and annual tax costing about 25 per cent less than a petrol car's, it is hardly surprising.

Even in Britain, diesel fuel is now significantly cheaper than leaded or unleaded petrol. As diesel cars use up to 30 per cent less of it than a comparable petrol engined model, the motorist's pocket and the atmosphere benefit. (A car diesel is, on balance, at least as environmentally friendly as a petrol engine with exhaust catalyser).

If UK diesel sales do increase substantially, PSA (Peugeot-Citroen Group) stands to gain most. Its diesel-engined range runs the whole gamut from the cheap and cheerful (and unbelievably frugal) Citroen AX right up to the posh executive class Citroen XM and Peugeot 605. The Citroen BX is well established as Britain's best selling diesel car.

Also likely to benefit are Fiat, Ford, Renault, Vauxhall and VW, all of which have good ranges of modestly priced small and medium diesels.

But the motor trade reckons that unless the rules about company cars (and especially about companies paying company car users' business and private motoring fuel bills) change, the executive diesel will not make much headway in Britain.

After all, if they are not paying for the fuel, most people would prefer to drive a petrol car. However good a diesel is, it can never quite match a petrol engine for responsiveness and silence though some, especially at motorway cruising speeds, get very near it.

The motor industry is already thinking beyond its 1990 difficulties to the next Budget. Last year, the tax penalties on company cars went up a bit but not to such an extent that many users told their employers they would sooner have the money instead. Because it takes care of depreciation (sometimes approaching 50 per cent in the first year) and loss of interest on capital invested, a company car still has to be rated an attractive financial proposition to most of the people who have them.

Higher taxation on large and relatively thirsty cars had been expected in the last Budget as a sign of the government's determination to be Green. In the event, it didn't happen. But the chances of its coming next time are rated as better than even. If it does, diesel cars deserve to be singled out for more favourable treatment on environmental grounds.

A move in favour of diesels would not be bad news for the car business. Of more concern would be any development of a trend to smaller, lighter, less expensive and more economical business cars in general.

The tip of what may turn out to be an iceberg has become visible. A trade publication, *Fleet News*, reported recently that due to the current economic situation, managers of company car fleets were coming under pressure to economise.

Insurance and fuel costs were rising as rapidly as residual values of used cars were dropping. On top of this, companies were becoming aware of the need to be seen to be environmentally caring. The directors of one large contract hire firm, Wincanton Contracts, were thinking seriously of replacing their current company cars (typically 3-litre Vauxhall Senators and Ford Sierra Cosworths) with smaller, cheaper, less thirsty but still lively and comfortable cars such as the Rover 416 GTi and GSi.

Explaining the reasons for the possible move, Wincanton contract hire director Philip Sims spoke of "horribly accelerating" depreciation figures for 3-litre cars as well as environmental concerns.

Wincanton's directors, who had tried the Rover 416GSi, felt performance was satisfactory even if its high-revving 1.6 litre engine was not the same to drive behind as a Senator's 3-litre, 6-cylinder. Assuming the Rover would have leather trim and air conditioning, he foresaw no difficulties about size or accommodation.

Sims was quoted by *Fleet News* as saying that changing times meant people could switch to a 1.6 litre car "and still hold their heads up." He thought the death knell was being rung for big cars.

Contract hire companies were, Sims said, trying to jack up their big car rates but it was a nervous situation. Second-hand buyers found big cars too complicated to be serviced or repaired at home and were "ceasing to exist."

Will the Wincanton philosophy spread? It is too early to say but the picture will become clearer once we know what the Chancellor has in store. If the "small is more beautiful" trend really does become established, things could move very quickly. Who, after all, would have forecast five years ago that in 1990 most women would perceive a wild mink coat as something to be rather ashamed of, not to be lusted after?

## Right engine; right time

WHEN THE flagship model Saab 9000 first appeared with a price tag much the same as that of a 6-cylinder BMW or Mercedes, eyebrows were raised. How, it was asked, could Saab justify charging as much for a lowly (if turbocharged and intercooled) 4-cylinder as rivals asked for a multi-cylinder engined counterpart?

Last year, a new engine was introduced for the 9000. It was a 2.3 litre 4-cylinder, without a turbocharger but having twin balancer shafts (pioneered by Mitsubishi and used, among others by Porsche) to make it run more sweetly. A glance under-bonnet at the layout made it clear that a move up to a 2.3 turbo was only a matter of time. I had been among those doubting the wisdom of powering a quite expensive (up to £26,985) executive car with a 4-cylinder engine. Now I think Saab, perhaps more by accident than design, may have produced the right engine at the right time.

The fuel economy (and it is becoming the environmental acceptability) of a car is a function of its weight as much as its engine size. And a turbocharged car in the hands of a leaden-footed driver can be thirsty. If the boost is used discreetly, not continuously, it is a different story.

A 4-cylinder engine is lighter, creates less friction and takes up less room than a six. The Saab 9000 2.3 Turbo automatic I tried recently was a very spacious 5-seater and relaxing to drive. With 200 horsepower and a massive amount of torque (pulling power) available, its mid-range performance was as good as that of cars with engines half as big again.

Fuel consumption, if sensibly driven, is about the same as that of the non-turbo 2.3 litre; my 23.7 mpg (11.9 1/100km) for a mix of town and motorway improved to 25.5 mpg (10.1 1/100km) on a long journey.

With the efficient 4-speed automatic, the number of cylinders under the bonnet was undetectable and in any case seemed irrelevant. I was conscious only of of a great deal of silky power under my right foot. The Saab has to have very high speed-rated tyres because of its performance potential – a maximum speed, I suppose, of around 140 mph/225 kph. Those on my test car gave instant turn-in on corners but bumped and banged more than I liked on ill-maintained minor roads, although the motor way ride was fine.

Saab's car division is now under the control of General Motors. I am assured that this does not mean that future models are going to be rebadged as Opels.

There will, of course, be some shared components, just as the Peugeot 605 and Citroen XM have the same basic platform, engines and transmissions. But they manage to feel and look totally different. So will Saabs of the future.

In fact, GM sees Saab's top models developing as a relatively small volume, premium quality car line, perhaps incorporating high-technology ideas that would be too expensive for the likes of Vauxhalls and Opels.

*Weekend FT gardening writers look at a hardy autumn flower and a tree that deserves wider popularity*

# Daisies are the answer

WHOLE BOOKS have been written about hardy winter flowers but little attention is given to those of autumn, except for the highly developed chrysanthemums and dahlias that have attracted their own literature and specialist societies. Yet autumn in the garden need not be all about ripening fruits and colouring leaves. With a little thought it is possible to have flowers outdoors throughout the year without any break between summer and winter.

Michaelmas daisies, which used to top the popularity list of fully hardy autumn flowers, were dealt a serious blow when a tiny insect, a tarsonemid mite, which had previously concentrated most of its attentions on strawberries and cyclamen, took a liking for the developing flowers of Michaelmas daisies and damaged them so severely that sales plummeted. Michaelmas daisies ceased to play the prominent role that had been theirs for more than half a century.

Yet it was always the varieties of Aster novi-belgii (all Michaelmas daisies belong to the Aster family) that were most severely disfigured. The earlier flowering, August to September varieties of A. amellus, A. thompsonii and the garden hybrids between them collectively known as A. frikartii, were little affected and these, though far less varied in colour and flower shape, are in some respects better garden plants than their later flowering cousins since they are fairly short, well branched, firm stemmed and so require little or no staking. The flowers are always single with the yellow central pad of tightly packed fertile flowers typical of daisies surrounded by a showy ring of petals to attract insects.

There are numerous varieties, the most popular of them King George, because of its extra large flowers and clear violet blue colour but the best for quality and display is undoubtedly a selected form of A. frikartii named Mönch. It has all the good qualities of King George and makes a more densely branched plant producing a greater number of flowers. Only the name, more difficult for English speakers to remember and pronounce, holds it back from topping the sales list.

Perowskia atriplicifolia is another fine plant that has suffered from an awkward name but Notcutts, the Woodbridge-based nursery, lessened that handicap many years ago by selecting a specially good form and calling it Blue Spire. It is now the one grown by almost all nurserymen and seen in nearly every garden centre both because it is good in itself and need only be labelled Perowskia Blue Spire since under international rules of nomenclature this is adequate identification.

At a distance you might mistake it for an exceptionally tall, stiffly stemmed lavender but a closer inspection will reveal that it is really very different, with small, grey, deeply lobed leaves and branched sprays of violet-blue flowers. All the stems are covered in short white down, the leaves, when bruised, smell of sage and the whole plant is distinctive even when not in flower.

*Michaelmas daisies were dealt a serious blow by a tiny insect*

It likes sunshine and good drainage, spreads slowly by underground stems and yet does not transplant well and should always be purchased in containers from which it can be planted without much root breakage or even disturbance. Stems are likely to die back in winter though the extent of this will depend on the weather and, whatever happens, the plant nearly always benefits from a good cutting over in April to keep it tidy.

Two of the purest blue flowers, rivalling even the best of the gentians in colour, come in autumn and are species of ceratostigma. One is a low growing herbaceous plant which will make a good carpet or will often establish itself permanently and beautifully in the crevices of walls built with well packed soil in place of mortar. This is called Ceratostigma plumbaginoides and maybe it is the relative difficulty of this name that has made it less popular than the other, which is called C. willmottianum in honour of the famous Edwardian gardener Ellen Willmott.

This is a bushier plant – really a little shrub – that can reach 4ft in warm, sheltered places though its stems are not very substantial and are often killed to ground level in winter but usually reappear the following spring. It can be in flower several months from July well on into the autumn and it is a delightful plant to grow in a sunny, sheltered corner against a grey or honey-coloured stone wall.

Totally different from these delicate beauties is a sturdy, indeed rather coarse herbaceous perennial named Vernonia crinita which could easily be mistaken for a tall Michaelmas daisy and can still be in flower in November. The flowers are a rich red-purple and do not seem to have any attraction for the strawberry mite. It is an easy plant to grow yet it has never been popular and few nurseries stock it though it is in the "Unusual Plants" Catalogue of Beth Chatto's Nursery at Elmstead Market, near Colchester, Essex.

Beth Chatto stocks another old, easy-growing completely hardy perennial that scarcely anyone now remembers. It is called Chrysanthemum uliginosum, looks like a very tall Shasta daisy with big, single, white daisy flowers but it does not even start to flower until October and can still be in bloom in late November to partner the Vernonia. This is not a bad combination as both can rough it along with other strong-growing plants towards the middle or back of a mixed flower border.

**Arthur Hellyer**

# A winning streak

ONCE in a while, something grows, smiles and proves to be far more of a success than anyone expected. In this difficult season, I have found a winner: it has put on yards of growth, six feet, at least, to my enthusiastic eye; it looks fresh despite the weather and is set fair to make a rapid belt of shelter. Trees are a difficult area of knowledge: my experience may help you and together we can reverse an oversight, perhaps even neglect, among gardening lists and advisers.

The object of all this excitement is the Italian Alder, Alnus cordata. You can see it wild in the lower foothills of northern Italy where it is grouped at points where the poplars run out into the plain, the landscape starts to climb and provokes thoughts of hellebores and wild anemones. According to the garden historians, who may be wrong, the Italian Alder was not a recognised tree for the historic Italian gardens: in a wood or half-shaded bosco, they used the ordinary Alnus glutinosa which also turns up in Britain.

This worthy glutinous Alder is well known for preferring wet places: it likes watersides, ponds, bad joints in rural drain pipes and even, I have found, the islands of very rich financiers. It is a pleasant tree, but it has put many of us off its Italian cousin: Alnus cordata is more willing and more attractive.

Here are the facts. In March 1987, I planted a line of these Alders about 8ft feet apart where a screen was urgently needed. Three of them have died in this drought because we tried to improve the angle of the screen by moving them earlier this spring: five have outperformed the arboreal index and reached heights between ten and 12 ft; two have gone completely mad, reaching 20 ft in their third full year.

A large proportion of this height, I promise, has been added in 1990 without any help from a hosepipe. There is no particular reason why two should be 8 ft higher than the others, except that nature does not believe in equality. In 1991, I assume that the rest of the line will catch up. In my exposed, stony garden, this rate of growth is extraordinary, especially in a drought. Poplars have been left staring at their feet, and anyway, the Alder is prettier.

It is also misunderstood, not by experts or professionals, some of whom sell it to each other for shelter belting, but by gardeners with a good general knowledge who think Alders need damp. On the back jacket of a recent book by Christopher Lloyd, you can see Alnus cordata in its spring beauty: there are masses of small catkins, and water is not far from its position in his garden at Great Dixter.

The image has misled me too. I only broke with it when a nurseryman assured me that his pencil-thin trees would grow anywhere, even on the Downs, that they ran like streakers (it was the year, I recall, of the lady at the Lord's Test Match) and that they like stony hills. He was right: my widely-shared image is wrong. Unlike other Alders in the family, the Italian cordata will streak in a drought.


Admittedly, trees of such speed taper upwards to a point; they are upright specimens, but not as upright as a poplar and you need to pack them quite closely together if you want a total curtain from their side branches. Packing is a practical option because these Alders are still refreshingly cheap; there is no point in buying the biggest sizes from any of the 20 different suppliers, listed in the current *Plant Finder*. They could be trimmed if they began to grow forwards and overhang their space. They would look rather odd, I think, if they were formally pleached or trained because they space themselves naturally and are not very solid.

They do, however, have many more charms than mere speed. For a start, they produce yellowed catkins in spring, a pretty companion for hazels, willows and so forth. Then you have the leaves, honest green leaves without any yellow, splashing or striping. They are shaped like a small lime tree's and have the supreme merit of being slightly coated so that they glisten.

In this hot summer I have lost my heart yet again to glistening trees: you should check out Pyrus Chanticleer (admirable, even now), some of the Crataegus family (especially little prunisolia) and a seductive white-flowering crab apple, Malus Everest. All of them glisten, while the Alder shows a sheen from August onwards. It may explain its ability to grow fast when limes and sorbuses are flagging.

From midsummer onwards it also produces some curious fruits, green and wrinkled like a smart acorn. They have style, an Italian elegance beside our wretched hawthorns. You have to look twice to see them, but they are a pleasant destination for an evening walk.

Where, then, is the snag? I hate to risk it, but I simply cannot see one. As the Alder is upright and rather delicate, I have interplanted mine with a low evergreen edge. The plan is that the hedging will fill in the gaps up to the Alders' lower branches and continue to screen us during the winter. At 20ft, poplars would surely have sucked the ground dry and stopped anything from growing between them during this summer. The Alder is better behaved and has not damaged its undercover companions: I have chosen, as often, the white-flowered scented evergreen Osmarea which also has an Italianate quality to its dark olive-green leaves.

In appearance, style and quality they are country trees: I cannot imagine a happy Alder in an over-priced bit of London. They are also not evergreen. If you only want a screen in order to block out someone else and their beastly planning permission, the Alder is not the right tree: in winter, you will see through it. I suppose you have to think of conifers, but on most soils I much prefer the so-called Victorian "Laurel" (the cherry Laurel, or Prunus laurocerasus). It is good because it glistens like the Alder and this time, you really can trim it. It will also grow anywhere, even in underpriced bits of London. The Alder is a light, shiny boundary for a garden which feels like open country.

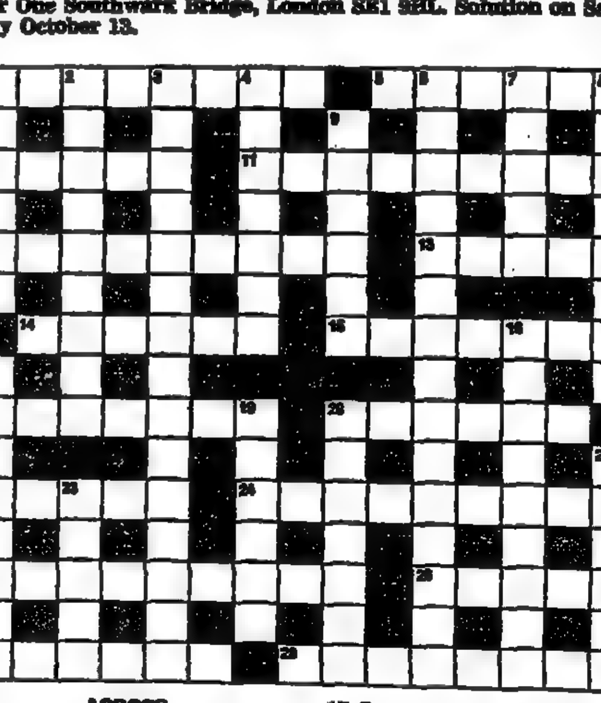
If you happen to have an open site by water, you can do even better. The noblest member of the family is a cut-leaved form whose green leaves are beautifully fringed. This spring, I admired a huge cut-leaved Alder tree (Alnus glutinosa laciniata, listed by Scotts of Merriott, Somerset): it has to have water and had spread itself beautifully beside a natural lake. It seemed enviable at the time to a confirmed non-owner of lakes: six months later, I find myself happy with something just as good, a line of glistening Italian relations which have broken the streaker's record in this dry year.

**Robin Lane Fox**

## CROSSWORD

### No. 7,354 Set by HIGHLANDER

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday October 10, marked Crossword 7,354 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday October 13.



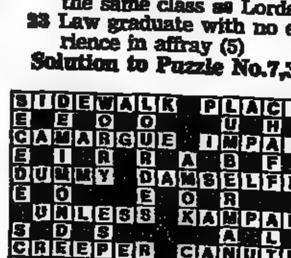
**ACROSS**

1 Flower border has unlyrical words said about it (8)
5 Turn over deposits of gold in a daze (6)
10 Ring back about one small tree (5)
11 Extra portion, not including punishment for blackmail (9)
12 Admire son originally converted to Catholicism (9)
13 Bet on equal second (5)
14 Junior officer standard (6)
15 Bouillabaisse course interrupted by a waiter (7)
18 Failure has gone berserk with anger (7)
20 Leave stealthily with honoured companion and side of pork (6)
22 Sign for foreign money, including note showing scales (5)
24 Publish correct reported attendance (9)
25 Established practice is to drain it off (9)
26 Has an obligation to reveal nothing (5)
27 Come round fast: put about first (6)
28 People add up in their heads (8)

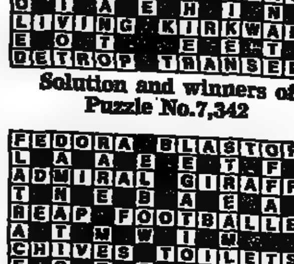
**DOWN**

1 Worthless friend on trial (6)
2 It's unfortunate I was first to swallow melon slices (3-6)
3 Change of mind about fraud over team allowance (15)
4 Relative strides forward (7)
6 Jerome's people mean to be at Rhine resort (5,3,2,1,4)
7 Prepare first-rate brief (5)
8 Good seat in circle area at the edge (8)
9 Put down French and used translated exercises (6)
16 Slightly adjusted angle on bow to port (9)
17 One greatly devoted to marriage vow afterwards (9)
19 Knock over family's table linen (6)
20 Substantial element of flab: weight needs trimming (7)
21 Test facts first: not quite in the same class as Lords (6)
23 Law graduate with no experience in affray (5)

Solution to Puzzle No.7,353



Solution and winners of Puzzle No.7,342

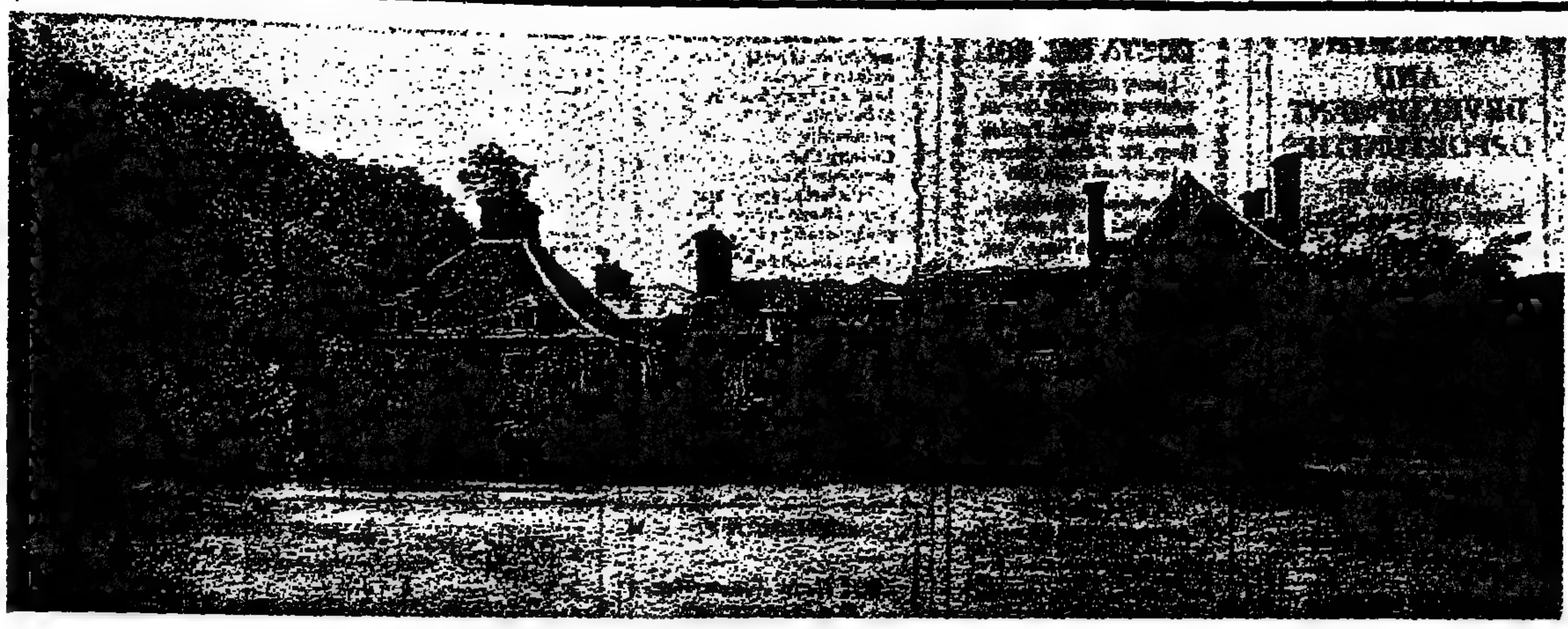


Mrs B.M. Baldwin, Shalford, Surrey; Mrs Yvonne Evans, Harleston, Norfolk; Miss G.M. Rose, Lydney, Gloucestershire; J.M. Stevenson, Woking, Surrey; George Taylor, Fearn, Ross-shire.

هكذا من الأصل



# Property



Edwinsford Manor, a 17th century mansion with two centuries of additions and half a century's post-war dereliction

## A warm welcome in Wales

***John Brennan** looks at the potential of a Dyfed country mansion*

GREATER SECURITY of farm tenancies and tenant purchases, especially since the Second World War, have resulted in the progressive sub-division of big estates in Wales into smallholdings. That process helped to spread wealth and created the first generations of a middle-class in a country which previously had exhibited the colonial pattern of a majority of locals working for outsiders.

Education offered the principal escape route into a landless, mobile professional class – the archetypal Welsh teacher, doctor, or preacher. Wealth, though is relative. Devon and Cornwall, for instance, have a far higher proportion of incoming homebuyers outbidding the locals than any part of Wales.

Commuter and weekend cottage buyers across the South East have created a generation of home-dispossessed younger country people. Yet it is only in Wales – and then only in some parts of the northern, main Welsh-speaking areas – that this concern has been expressed in isolated talk and rare instances of damage to estate agencies and to weekenders' homes.

It is a rare rural community that adopts newcomers overnight. The process of assimilation is not helped if the newcomers do not speak the main local language, do not share in the work of the area, or have much appreciation of its religion or culture. The problems are compounded for holiday owners, especially if their property would otherwise have been occupied by a local.

The real surprise is that such local problems as do occur are so few and far between. "Rare" is not the word that crops up when you talk to the sales agents. "Non-existent" might be a better way to describe the usual agency reaction to anything as unsaleable as the idea that the natives might be other than welcoming.

It is true that Strutt & Parker had its London head office burnt down a few years back because of its property work in Wales and there are few national agencies that have not been the victim of some sort of protest. But Jonathan Bengough, of Knight Frank & Rutley's Hereford office, says: "It's all a nonsense made up by you guys in the media."

Bengough makes the point that: "People who have any reservations about buying in Wales probably dismiss the idea of property there without our coming across them anyway."

That said, he does report isolated resistance to buying across the border. But that has nothing to do with fiery nationalism and, in any event, he regards it as eccentric.

"I have always found it difficult to understand the English loathing for property if it is across the line." However, he says: "I think that's mainly people who think that the world revolves around London."

Few of these are being sighted in the current inactive market. Even when country house hunters extended their ranges to include Wales the choice of larger properties has been limited. Unlike Scotland, where the great estate creators simply cleared the land to ensure that the locals did not get in the way of the sportsmen, the pattern of smallholdings in Wales these days has eaten away at the major estates. That makes the 677-acre Edwinsford Estate at Talleyn near Llandeilo in Dyfed quite a rarity.

This is the rump of the once 10,000-acre estate of the Williams', and later of the Drummond family of Midlothian. At the heart of the pasture and woodland around the River Cothi stands the Grade II listed Edwinsford Manor, a 17th century mansion with two centuries of additions and half a century's post-war dereliction.

Knight Frank & Rutley's Hereford office (0432-273087) as sole agents for the estate, valued the derelict mansion, with 49 acres of surrounding land, at just £100,000 as an individual lot within a guide price for the whole estate of £1.5m. In practice, as Jonathan Bengough says, there is far more interest in the complete estate from both individuals and leisure property developers interested in the property's fishing and shooting potential.

The agency valuation for the mansion, which was last used as a school for children evacuated to the countryside during the Blitz, was less than a fifth of the £550,000 price placed on 4,870 yards of double bank fishing for salmon and sea trout on the Cothi, along with 336 acres of woodland and a cottage.

It was also substantially less than the fishing rights on the Cothi tributaries, the Afon Marlais and the Afon Melinddwr, the pheasant shoot or the modernised properties currently used by the family owners. A substantial four-bedroom stone farmhouse, three existing cottages, a developable mews and workshop buildings, dairy house, gate house and garden cottage add up to complete mini-village of homes aside from the mansion. Despite the initial ordering into separate lots KF&R is confident that the estate will be sold as a whole.

Planning

## Really monumental problems to solve

***Gerald Cadogan** on where to find archaeological advice*

"MY DEVELOPMENT land has got archaeology. What shall I do?" The farmer with spare fields and the property developer looking ahead to an economic upturn sound vexed.

They feel out their depth and are sure a temple of Mithras will wreck their plans and that bearded diggers do not comprehend the world of profit and loss. But there is no need to be, downhearted.

First, find out what is actually there and then you can make informed decisions. For most people the best way is to retain as a consultant one of the countrywide independent archaeological units, such as the Trust for Wessex Archaeology or the Oxford Archaeological Unit which are both giving a new direction to development archaeology in the Nineties.

The Oxford Unit, with a turnover of £1m advises, digs and makes archaeological analyses from Dover to Hereford. Its work is by contract to developers, or to the Ministry of Transport or British Rail. The small initial outlay on such professionals may reap a huge saving. They know the local archaeology or if it is outside their home beat, they know how to find it out. And they know the law, precedents that may have escaped your solicitor, and the policies and people at English Heritage.

They are used to dealing with developers and planning officers, and with building contractors for whom they make a point of keeping to schedule. The earlier you decide to employ a unit, the better. They will start by seeing if the land has a Scheduled Ancient Monument on it. If so, you will know at once that you need Scheduled Monument Consent from the DoE for any work.

The unit will help to frame proposals that are least damaging to any monument and its surroundings. Next port of call is the county sites and monuments records office, which lists all finds and observations and should have any air photographs.

Usually the county archaeological officer keeps these records as part of a curatorial job that includes advising the district councils on planning applications with archaeological content and the county council with such cases as gravel extraction.

Until recently the county department often did the rescue digs, but that is now seen as a conflict of interest since the officer may recommend a district council to require a dig from a developer before giving planning permission, which his department would then have to carry out.

Northamptonshire has coped with this issue by building Chinese walls between their curatorial section and their contracts section which does the digs and surveys. After the archives comes assessment in the field. The unit will survey the site with geophysical detectors and by walking over it, and will probably suggest a few trial trenches to check any ancient deposits and see how old they are and how thick. The wise time for this is before submitting the detailed planning application, as Hanson Properties saw last year with the test dig that found the Globe Theatre.

If you wait, the district council is likely to require it anyway, when it will cost more and be a nuisance. The field results will govern the next stage. If there is something of national importance, you may find the site referred to EH with the suggestion that it be scheduled; in which case EH is involved in all decisions thereafter.

If nothing turns up, the application will go ahead without difficulties on heritage grounds. The more likely outcome is that there is enough to merit a full dig and/or revamping the plans. The district council and county officer may demand this, but your unit consultants should already have proposed it. The dig will record what the building work destroys.

The unit can do the dig, including studying the finds and writing them up, after giving a quotation. Or there may be another unit that is better suited. You should expect disinterested advice from your consultants. Changing the plans is a new option that may reduce what has to be dug. Move the building slightly forward or back, or re-site its piles, or take the car park from the basement to the roof, and you may be able to leave ancient levels intact. This cuts costs, and is in keeping with the green view of the Nineties and the policy of EH.

English Heritage argues that archaeology is a finite resource to be conserved, like rare birds, flowers or landscapes. Once dug, it can never be dug again. So keep it safe for our grandchildren, if that can be done easily by adjusting building plans.

David Miles, director of the Oxford unit, agrees, citing the Roman waterfront of London. "It has been dug and traced, and we know a lot about it. But developments have removed it for good."

■ Oxford Archaeological Unit, 46 Hythe Bridge Street, Oxford OX1 2EP 0865-243888; Trust for Wessex Archaeology, Portway House, South Portway Estate, Old Sarum, Salisbury, Wiltshire SP1 3EN. Tel 0722-26867. *Ancient Monuments in the Countryside* by T. Darvill English Heritage (£12.50) is a helpful guide. It lists county archaeological officers who can advise on units

## INTERNATIONAL PROPERTY



## YACHTING

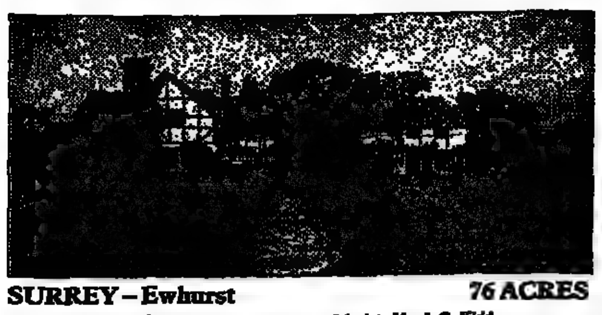


## COUNTRY PROPERTY

## LONDON PROPERTY

COUNTRY PROPERTY

# SAVILLS



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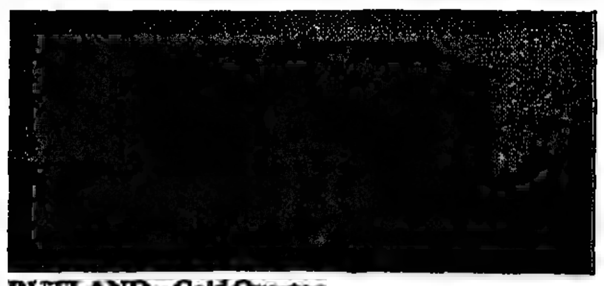

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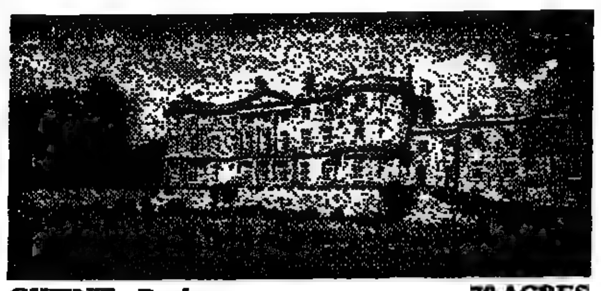

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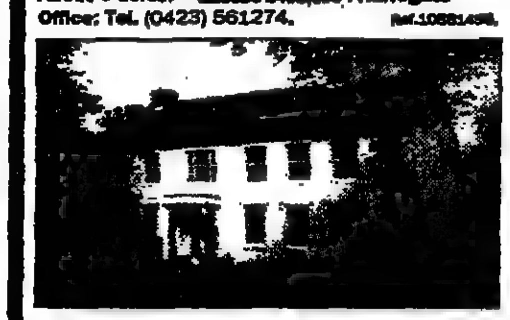

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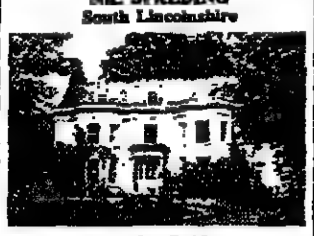

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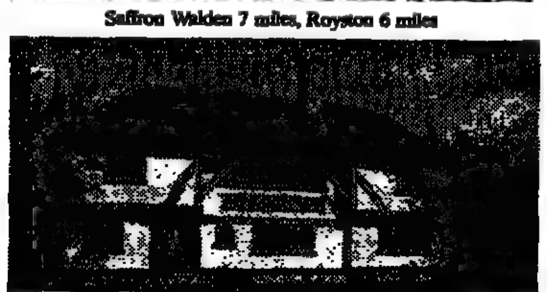

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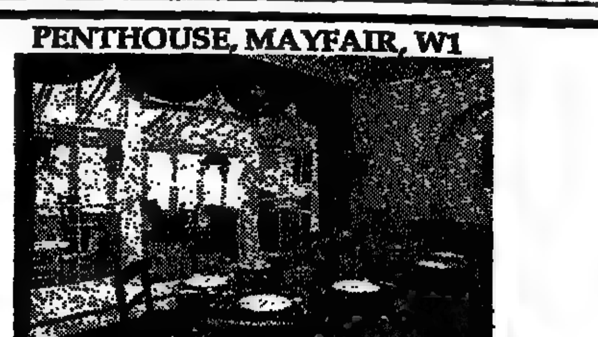

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BOOKS

# Monarch who lost all for love

***Malcolm Rutherford** on the new biography of Edward VIII*

"EDWARD THE Obstinate?" ponders Philip Ziegler at the end of his official biography of Edward VIII. That would not be wholly unfair, he comments. But perhaps "Edward the Amiable" is better in the sense that the King who lived so long and ruled so briefly was well-loved by so many people. In the end, Ziegler settles for "Edward the Well-meaning" as being the closest he can get to the man.

KING EDWARD VIII
**by Philip Ziegler**
*Collins £20, 654 pages*

There must be rewards, to be sure, in writing the official biography of such a figure which go beyond access to previously concealed sources. But, as Ziegler pauses to admit several times, the task is daunting. Many questions are left unanswered; some are unanswerable. What kind of King would Edward have been if he had been allowed to stay on the throne and marry the woman he loved, or indeed had married someone else earlier? It is even possible that Mrs Simpson, in the manner of Anne Boleyn, did not sleep with Edward till she married him. By which time, of course, it was too late to become Queen.

The closest that Ziegler comes to a broad judgement of his own on the whole affair is when he writes: "Even if there had been no Mrs Simpson, a clash between the King and the Establishment was inevitable." Yet if the author does not answer questions, he certainly raises them, and not only about the past. This is a book about the precariousness of the British monarchy and, by implication, the constitution that goes with it.

There is no reason to believe that the man who became Edward VIII was a wicked man, nor even particularly stupid. He was not well-educated. He once asked Thomas Hardy who wrote *Tess of the D'Urbervilles*. He was a late developer, perhaps especially when it came to women. Later he took to them in droves, but then settled down with Mrs Simpson. He drank a lot, as this book makes clear, but he also played golf and liked gardening. He disliked foreigners, except for Americans, who were not really foreign. He admired the armed forces. In short, he was a not untypical Englishman. When he gave up the throne, Ziegler observes, "it was not merely Othello's occupation gone, but Bertie Wooster deprived of the Drones' Club."

The problem was that he did not have a job. It was one thing to be born to be King, quite another not to know when you were going to take over. Edward is said to have remarked that he preferred the Nepalese system under which once the Crown Prince was mature, he became King in all but name and the old monarch was relegated to formal duties. That is not the English way. Crown Prince Edward went round the Commonwealth making speeches. He called it "Princing".

Edward was also a bit of a political firebrand at home. He cared about the unemployed and the homeless. He invested in new machinery for the Cornish tin mines, set up a farming cooperative and regularly visited housing estates in south London. He came to like solo flying. The magazine *Air* said that his example had done as much as any single factor to popularise air travel in Britain.

He was a charmer, too, attracting attention wherever he went. Ernest Hemingway wrote to Ezra Pound from Toronto: "The Prince gets here on Tuesday, Prince Charming, the Ambassador of Empire, the fair haired bugger."

He acceded relatively early. When King George V died in 1936, Edward was not much more than 40. But it was already too late, for he was by then infatuated with Mrs Simpson. There is a theory (impossible to prove) that he intended to tell the King of the state of his affair and of his readiness to renounce his claim, but the King's death pre-empted him. Again his motives – if indeed he had any clear motives – remain unknown. The only certainty is that he stuck to Wallis, as Mrs Simpson is almost invariably called, to the end.

Much of the rest of the story is familiar enough. Serve it to repeat that there really was an abdication crisis. It was not got up by the press, which kept silent for many weeks. A reference to Mrs Simpson on the floor of the House of Commons was excluded from Hansard. The Government might well have resigned if Edward had refused to go. There was even talk of civil war.

So in the end he did the decent thing and went. He was exceedingly helpful to his brother, George, who took over. The remaining quarrels were about the financial arrangements and the Royal Family's refusal to have anything to do with Mrs Simpson. They had never told Edward at the start how totally opposed they were to his planned marriage.

This may have been a difficult book to write. It is an immense pleasure to read. Never mind if not every anecdote is new: most of them are there. Here is Stanley Baldwin, for instance, reflecting that a weekend is a long time in politics. "I have always believed in the weekend," he said. "MPs go away and come back calmed down. How they do it, I don't know. I suppose they talk to the station master."


# A fresh look at the young Virginia

*In these early journals we can see the emergence of a penetratingly original mind, says **Anthony Curtis***

IN THE ever-proliferating Bloomsbury industry, the attention paid to the mature Virginia Woolf, or VW as she is known to the editors of her letters and diaries, has involved some neglect of the girl AVS out of whom VW developed. Publication of *The Early Journals* allows us to take a fresh look at this fascinating young creature. Adeline Virginia Stephen was only 15 when she began to keep the first journal printed here – an even earlier one seems to have disappeared.

This one recalls, at a day-by-day level, nine months in the existence of the four motherless Stephen children. In some ways they were the real-life counterparts of Barrie's lost children. Their eminent father was a formidable but remote presence. A domestic tyrant, a chronic grumbler, he was also a great bookman. He read to his children regularly after dinner – from, say, Tennyson or Matthew Arnold. He also had a brood of step-children, the Duckworths, by his second wife Julia's first marriage, and in addition – from his own first marriage to a daughter of Thackeray – another daughter, who was later committed to a mental hospital. At this period they all lived under the same roof at 22 Hyde Park Gardens opposite Kensington Gardens. The house later became an hotel.

Virginia had suffered her first attack of madness after the death of her mother, and the family's doctor had prescribed a regime of walks in the Gardens for her recovery. Her step-sister, Stella Duckworth, often accompanied her and fulfilled the maternal role for them all. George Duckworth would in a few year's time try to launch his beautiful and icily intelligent step-sisters in Society, which both greatly disliked. Did he also sexually abuse Virgina, as Quentin Bell alleged, in his biography of his aunt?

Nigel Nicolson, one of the editors of her letters, takes the view that she greatly exaggerated this in later life, and that in reality it represented no more than little step-fraternal fondling. Mitchell A. Leaska, the American editor of these journals, agrees with that. In his long introduction, he suggests that the allegations were a transference of Virginia's love-hate for her father, but this is, as Leaska says, "pure speculation". There is little in these newly published journals to support either Virginia's own view of the matter (she did say in a paper read to the Memoir Club around 1920, printed in *Moments of Being*, 1985, that on one occasion George invaded her bedroom and jumped into bed with her) or to endorse the attempt of her later editors to play down George's fumblings.

The earliest year we see through Virginia's eyes is 1897, that of the Queen's Diamond Jubilee. The sisters' lives were like those of any other female members of the leisured classes. They spent much time in Oxford Street and Bond Street shopping. They took tea with one or other of their innumerable acquaintances, such as Barrie's friend Sylvia Davies. But beneath Virginia's conscientious accounts of such polite to-ing and fro-ing, we can study the emergence of her penetratingly original mind.

Regular concert- and theatre-going combine with the social round. In 1905 Virginia attended one of the early performances of *Peter Pan* – "imaginative and witty like all of his, but just too sentimental – However it was a great treat", she says. That remark comes from the journal of 1905, also now printed here for the first time. In the years between it and the earlier one, the schoolgirl who never went to school in any formal sense had grown up into an astonishingly self-possessed individual who lectured about literature to working women at Morley College.

A PASSIONATE APPRENTICE: THE EARLY JOURNALS OF VIRGINIA WOOLF
**edited by Mitchell A Leaska**
*The Hogarth Press £25, 444 pages*

AVS's substitute-mother, Stella Duckworth, died untimely not long after her own marriage in 1897, and Sir Leslie Stephen died seven years later in 1904. Virginia, her sister Vanessa and their brothers, Thoby and Adrian, made this the opportunity to move from the old cramped family house in Kensington to more spacious quarters at 46 Gordon Square in Bloomsbury.

AVS: the teenage Virginia

The journals printed here reflect the change in their lives when they moved to this address. It was an exciting, but stressful time, with another bout of madness after the death of her father. Aged 22, Virginia had no parents living and all the world before her.

On a typical Bloomsbury day, Virginia spent the best part of the morning studying Aristotle, then "Kitty came & stayed an hour discussing the party . . ." Kitty is one of innumerable women friends and relations who flit in and out of these pages. She was Kitty Maxse, a brilliant party-giver towards whom Virginia later became distinctly cool. We can watch Virginia growing highly judgmental about her friends. Kitty was just *too* frivolously social for her mature tastes. But meanwhile Kitty had given her a model for Mrs Dalloway.

Using this kind of hindsight there is an even stronger evocation of things to come, of "Bloomsbury" as we know it, in the regular Thursday At Homes at Gordon Square started by her brother Thoby which now began, and at which young men like Clive Bell, Lytton Strachey and Saxon Sydney-Turner were habitual attenders. Before the journals come to an end, Thoby (to be commemorated in *Jacob's Room*) had died too and Vanessa had married Clive Bell. These were, as Virginia later said, seven terrible years.

There is also, in a moving account of a summer visit to St Ives, a return to the childhood terrain where the family had spent several summer holidays while Julia was alive. This long passage is the seedbed of *To The Lighthouse*. And in the later journals here, we have some observant reflections on visits to Spain, Turkey, Greece, Italy, and of shipboard life which will be reflected in her first novel, *The Voyage Out*. While the ship was ploughing its way through the Mediterranean, she confided to her journal a characteristically cutting remark about a fellow-passenger who is a Jew. Clearly young Virginia did not like Jews. How ironic that she would soon be married to one and owe much of her career to him.

Leaska gives an explanatory footnote for every supposedly puzzling reference, making the volume entirely self-sufficient, but it becomes even more interesting when it is put beside the other volumes relating to AVS already published including Quentin Bell's biography (the two volumes of this are now available bound together as one, at £25 from The Hogarth Press).

We see Virginia in this new book at work on her first reviews. These are all reprinted in volume one of *The Essays, 1904-1912*. Her first literary mentor was her great friend Violet Dickinson, who occupied such an important part of her emotional life at this period, and, as well as encouraging her in her work, introduced her to the editor of the *Guardian* – not our modern newspaper but a journal of Anglo-Catholic persuasion aimed at the clergy. It had a good anonymous book review section to which, among many other reviews, AVS contributed a notice of *The Golden Bowl* by Henry James. This, she says here, caused her a lot of trouble. After she had delivered it, the editor told her to her fury that it needed cutting by half. *Plus ça change* . . .

Meanwhile there is no abatement of the steady flow of books about VW. Jane Dunn's *A Very Close Conspiracy: Vanessa Bell and Virginia Woolf*, coming from Cape in November at £16.95, focuses shrewdly on the supportive and competitive relationship between these two gifted sisters, and Mary Ann Caws's *Women of Bloomsbury: Virginia, Vanessa and Carrington* covers similar ground but taking in Dora Carrington, who attached herself to their great friend Lytton Strachey. This, from Routledge at £15.95, should be in the bookshops by October 11.

It is nearly 50 years since VW died and it is a rare pleasure for us to have, in *A Passionate Apprentice*, what must be counted as a completely new book by her. The lapse of half a century means that next year the works published during her lifetime will come out of copyright. Anticipating a rush of new editions, the Hogarth Press has brought out The Definitive Collected Edition of her nine novels from *The Voyage Out* to *Between The Acts* with short introductions by Quentin Bell, and information about variant texts. The basic price is £20 per volume.

# Thomas the Doubter

WHEN GRAHAM Greene was baptised a Catholic in 1927 he chose "Thomas" as his extra Christian name, not, he explained to the priest, in respect of Thomas Aquinas but of Thomas the Doubter. Thomas the Doubter appears in various guises in Greene's novels, as the sceptical Father Thomas in *A Burnt-Out Case*, or as the press reporter Thomas Fowler in *The Quiet American* (admitted more than once by Greene to contain aspects of himself), suspicious of political engagement: "I don't know what I'm talking politics for. They don't interest me and I'm a reporter. I'm not engagé."

As the author of a study on Greene and politics, Judith Adamson has tilted this new selection of previously uncollected pieces to reveal what she calls "the development of his political thought". The best reporters rarely make good leader-writers. Indeed, the strength of these essays is the way they reveal Greene's politics to be the least interesting thing about him.

Several pieces written by Greene the journalist, accompanying a dive-bombing raid in Indo-China (reproduced as the experience of Fowler in *The Quiet American*), or, in 1934, witnessing the riots in Paris, deserve the praise he gives to Wyndham Lewis's war memoirs: "(he) writes about those savage and irrational events with beautiful objectivity . . . This is magnificent writing, without personal passion, a series of images rendered exactly and memorably" (*Homage to the Bombardier*).

Greene has always been fascinated by frontiers, by the way they shift, compose and recompose themselves, whether on a Paris pavement, in Indo-China or in the heart of man (In *Letter to a West German Friend* he writes that "most of us have all our lives in this unhappy century carried an invisible frontier around with us, political, religious, moral"). At such frontiers the abstractions of politics and state prove to be unreliable guides, and individual human lives, their passions and actions, are brought suddenly into view. Politics take place elsewhere: "I believe in no solution for this unhappy country except what is dictated around the council tables of Geneva, Washington, Peking and Moscow. I do not believe that ever again will one see the strange sunsets falling on the Baie d'Along, the lamp glowing on the cook's face as he prepares the opium pipe . . . But because a game is nearly lost, there is no point in not playing the last card of any value (one cannot do more than lose), and that card is complete independence" (*Last Cards in Indo-China*).

If this is political writing, then it is a strange sort. As evidence of his politics, Ms Adamson points out Greene's opposition to American intervention in the affairs of smaller nations, as though this expressed a belief in self-determination or a respect for national boundaries. But for Greene the most pernicious frontiers are the invisible ones within us, the abstract certainties which prevent us meeting our fellow men in a realm of decency and, preferably, common doubt.

REFLECTIONS 1923-1988
**by Graham Greene**
*Reinhardt Books £14.99, 325 pages*

Greene's novels are born of a tradition of Catholic casuistry; he rewrites the *Inferno* as a psychological thriller. His sightings of the *Paradiso*, however, bring out the worst in him. The vision tends to be of a community of good souls, a universal Catholic brotherhood, such as he believes he finds in the village of Thui-nhai: "If all villages were as homogenous as this and as well organised, there would be no problem in the delta, but here was the enormous advantage that every soul in the village was Catholic" (*Catholics at War*). This was written for *The Tablet*. When he writes up the same episode for the *Sunday Times* Thomas the Doubter reappears: "Of course one cannot put one's hope of a country on a single village and a home-made mortar, and yet, as the sound of the evening guns flapped over the rice-fields in the late golden light, one thought how in the break-up of a world there was no point in anything but irrational hope, 'to hope till Hope creates/ From its own wreck the thing it contemplates'" (*Last Cards in Indo-China*).

The lines from Shelley are a truer expression of Greene's quixotic politics; indeed they are one of the few hints in this volume of the kingdom he now inhabits- "that tragi-comic region of La Mancha", as he writes in the introduction to *A Burnt-Out Case*, "where I expect to stay". There are still occasions when he lapses into certainty, as in his address in the Kremlin in 1987 ("There is no division in our thoughts between Catholics – Roman Catholics – and Communists") but now it has a touch of Tony Benn and the Levellers about it: "the dream I have is that this co-operation between Roman Catholics and Communists will spread and prolong itself in Europe, West and East." Greene can be forgiven his lapses after a lifetime in which the costs, respectively, of engagement and detachment have never been more honestly faced. To this *Reflections* pays sobering tribute.

***Mark Archer***

# Cock-up from Faber

SO FABER & Faber, that most distinguished of London's publishing houses, and still proudly independent, have found an excuse to print the full text of *Eskimo Nell*. They call it the *Faber Book of Blue Verse* and it is the latest example of the publishing passion for anthologies (the Oxford University Press is particularly active in this sector).

Not much doubt that these collections are conceived with one aim, to sell a hundred times better than the traditional slim volume of true poetry in which Faber have invested so nobly over many years. Every house now does its own anthology of "love" poems, sometimes daringly called "erotic". But this is a Great Step Forward, to come clean with a Book of Dirty Poems, which is what *Blue Verse* is clearly intended to be. Faber are going for a Christmas best-seller – "Uncle Mathew will love it . . ." – and I hope they've sold the serialisation rights to the *Sunday Sport*.

So which are the dirty poems to make the grade? (The editor does not have the courage to include the usual introductory essay to explain his principles of selection.) Well, we are given *Eskimo Nell*, *The Miller's Tale*, some very mild limericks, Kingsley Amis and Wendy Cope (equally surprising to both of them, I imagine), the obvious Rochester, Burns, Catullus, Verlaine.

But it quickly becomes absurd. "Blue verse" appears to encompass any reference whatever to the sexual act, genitalia, excretion, arses, buggers, pissing, masturbation, tools, or those very few four-letter words. The more accurate title would surely have been *Coarse* Verse, which would make sense of the prefatory quotation from Martial ("You often say my work is coarse. It's true/ But then it must be so – it deals with you").

THE FABER BOOK OF BLUE VERSE
**edited by John Whitworth**
*Faber & Faber £14.99, 305 pages*

Be that as it may, the selection, from being absurd, soon becomes outrageous for an entirely different reason. *How dare* Faber of all people publish Donne's "O my America, my new found land . . ." or Feste's song from *Twelfth Night* ("When that I was and a little tiny boy . . .") or Cavafy's "Two Young Men . . ." between the grubby covers of a volume of dirty poems?

Easy to say that Faber's most distinguished employee, T S Eliot, must be turning in his grave – but no, his shade has been placated with the inclusion of several of his own unknown masterpieces: viz. – "There was a young girl of Siberia / Who had such a tempting posterior / That the Lapps and the Finns / Kept inventing new sins / As the recognised types were too stereo."

Is that *really* Eliot? Is that a dirty poem? Is that Blue Verse? Or is this Faber making a cock-up (oops!) which they already regret?

***J.D.F. Jones***

## FICTION/ARTS

# Witty concern for society

**DARCY'S UTOPIA**
**by Fay Weldon**
*Collins £13.95, 235 pages*

**THE TREE OF KNOWLEDGE**
**by Eva Figes**
*Sinclair-Stevenson £12.95, 154 pages*

**TEMPLES OF DELIGHT**
**by Barbara Trapido**
*Michael Joseph £13.99, 318 pages*

Fay Weldon: dotty imagination

THE BEGINNING of the new literary year at St. Margaret's has been marked by lectures from housemistresses who have reprimanded pupils, teachers and parents alike about the disgraceful state of the school buildings, teaching standards, morals, exam results and uniforms. One girl in Mrs Trapido's house has even been caught flirting with a master from the Boy's school while wearing "black lipstick and black nail varnish and six earrings – three pendant human skulls modelled in lead, a crucifix and a pair of smallish meathooks."

Mrs Trapido is standing in for Miss Spark (RI), who is on sabbatical in Italy but who kindly sent over some thoughts last week. Mrs Weldon (Civics and Philosophy – Acting Head in Miss Drabble's absence) has been noticing that, among sixth formers, levels of responsibility for, and example to, younger pupils have been lax and standards in all areas have been dropping. However, her ideas for the reform of systems and conduct throughout School have been considered rather advanced by some parents, although her lectures are always provocative, witty and well-attended.

Miss Figes (History and Women's Studies) has been worried about the decline in educational standards for women and the problems associated with the handling of true freedom in her brilliant lecture (beautifully written in 17th-century prose) in which she has assumed the voice of John Milton's daughter, so cruelly treated by her domineering, blind father who denied her, as a woman, all the education his own father had struggled to give him, while at the same time forcing her to wait on him hand and foot and read texts aloud to him which she barely understood. "How should our children learn" Miss Figes emphasises "if their mothers cannot read?"

It has been like that this week: braced and invigorated by the addresses of clever, witty and worthy women, whose concern for the dire state of this society is matched by their invention, their liveliness and, in the case of Weldon and Trapido, their dotty imagination. Weldon gives us some extraordinary, deliberately provocative prescriptions for a new social order, through the mouthpiece of Eleanor Darcy, wife of a disgraced government economic adviser whose crazy plan for flooding the world with free money (a plan probably invented by Eleanor) lands him in jail.

Eleanor tells her life story to Valerie Jones, who works for a women's magazine, and her prescriptions for a new social order ("Darcy's Utopia is the multiracial, unicultural and secular society the world must aim for if it is to have any hope of a future") to Hugo Vansitart, Valerie's lover (an affair also probably engineered by Eleanor, in her witch role).

Valerie leaves her family to dig in with Hugo at a Holiday Inn: a chance for Weldon to exercise her famous subversion ("tea-cup washing, dinner party chatting, tense family outering – the things we all do to pretend to ourselves that there is more to marriage than sex"). And the Devil lurks "wherever people are gathered together in the interests of the better and more humane organisation of society" says Eleanor, a thinly veiled Weldon: "in Darcy's Utopia we will not hide behind abstract terms such as 'freedom', 'liberty', 'justice', 'dignity'."

Eva Figes grapples head on with just those abstract terms, chafing against the hypocrisy so often implicit in them. Milton's aged impoverished daughter speaks in an impassioned tour de force, a meditation on the notions of freedom, liberty, education and the relations between the sexes, written in a brilliantly sustained pastiche which has fire in the belly and a haunting sadness for the inequities which never go away. Good and evil, for her as for Weldon, can be dangerously proximate: "eating from the tree by our first parents, though bringing us knowledge of both good and evil, brought us not sufficient insight to tell us which was which on all occasions."

Trapido, whose previous books have been light confections of intellectual romance, treads on more dangerous ground these days. Beautiful, rich Alice is bewitched at 15 by dashing Jem (the kind of glamorous rebel found in every school) and then spends years grieving for her disappearance. At Oxford, she lodges with a typically wacky Trapidean intellectual household, and runs through a couple of disastrous relationships until she meets saturnine (or is he? ha!) American publisher, Giovanni, is summoned to Jem's deathbed in a Catholic hospice, adopts Jem's child. The story is loosely looped around the plot of *The Magic Flute* – and it helps if you recognise the references. It is also determinedly Catholic. She has lost none of her bouncy, consciously naive zest, but the exuberance here rebels against the constraints of the Mozartian guidelines and the ultimately romantic morality.

***Mary Hope***

# Saga to no end

JULIAN GREEN'S recent huge novel *Les Pays Lointains*, now translated, will surely intrigue but also disconcert the English reader. Not so much for its unusual history (after embarking on it over half a century ago the eminent academician held back from seeing it into print until 1987) but because of the questions which arise for someone reading it today.

To begin with, *The Distant Lands's* 118 chapters and elaborate historical setting (Georgia and Virginia in 1850): what is it really trying to be? One thing is sure: this is not a French *Gone With The Wind* or Saga of the American South on the eve of the Civil War, although some of the props left lying around give the impression that that may once have been the idea; for one thing, the story is much too narrowly based.

An adolescent English girl is dumped penniless with relatives in their Southern *states'* world of grandiose mansions and crumbling aristocracy, facing for *herself* the perils that beset an awakening heart. Poor Elizabeth – chivvied and spied on by odious sanctimonious aunts and uncles, shuttled monotonously between one patriarchal household and another – her only possible future is to espouse the offspring of one of these unprepossessing families. But of course, she falls madly for the one really wicked young rake and hangs onto him even when he – and more seriously, she – do get married. This takes 800 pages; but then disaster is swift: husband is a brute, lover returns, Elizabeth goes to a fateful assignation which she herself had previously set up, hot southern blood has its way, husband and lover kill one another in duel, young widow – in Epilogue – broods over infant son whose father was the Wrong Man.

**THE DISTANT LANDS**
**by Julian Green**
*Secker & Warburg £14.99, 902 pages*

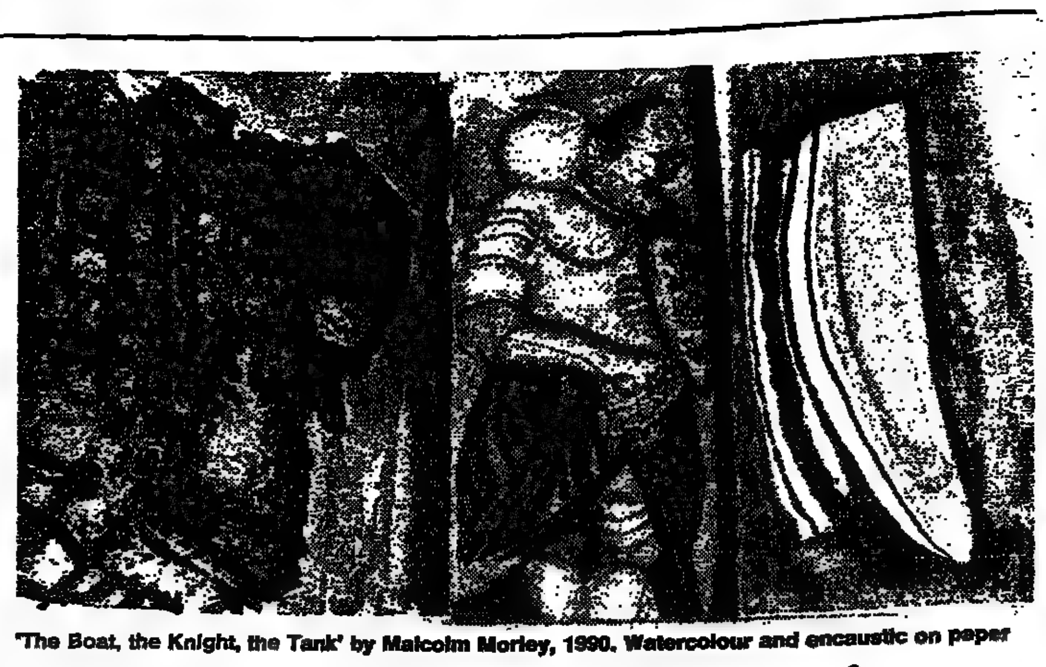
Admirers of Julian Green's earlier fiction will find no *angst* or metaphysical depths in this Mills and Boon type story, for all the sprinkling of sulphur and assorted nastinesses. Elizabeth has a rotten time but holds up well, all things considered; her little duplicities, the dabbling in black magic with an evil Welsh *gouvernante*, crises of panic, compunction, decisiveness and so forth make her into almost the sort of heroine Stendhal had a weakness for. Where else could one meet a well-bred Victorian maiden who, when the *gouvernante* protests "but he's married already", answers straight back "but it hasn't happened yet. I want that man"?

In setting the scene for all this, Green draws on personal and perhaps family memories for the description of lordly homes and gardens and the little town of Savannah and an evocative sea-trip up the coast and rides in the woods. Not everything is idyllic; apart from the carnivorous *(sic)* orchid, the chief mansion is haunted by unnamed horrors, its stagnant lake emanates evil, the wood beyond is the Wood of the Damned. The atmospheric play with houses has its limits.

To fill in a historical canvas, Elizabeth is given briefings on American current affairs. This is the year of Henry Clay's Compromise, and although politics have no place in this story, Calhoun, Clay, Philimore and Harriet Beecher Stowe receive mentions and Robert Toombs pays a visit. Slavery is repeatedly talked about but not actually seen: Elizabeth is shown cotton growing in Georgia and a tobacco plant in Virginia, but encounters no plantation labour can only ponder over the houseboys and chambermaids. Every now and then the impending doom of the South is evoked with the subtlety of grand opera – the clairvoyant but otherwise puritanical Amelia intones hysterical visions of fire and slaughter lurking in the future.

Of these Amelias, Welsh *gouvernantes*, aunts, uncles, and many others whose arrivals and departures fill so many pages of Elizabeth's life, perhaps only this need be said: that a French reading public, attuned by now to soaps, will see in these caricatures and loosely thrown together scenes a strong dramatic image of Anglo-Saxon grossness and decay (stereotype vices are out in force, especially tea-drinking – and for us, heightened further by peculiarities of translation). In fact, the curious reader who approaches *The Distant Lands* as a scenario for a Gallic TV serial may well get satisfaction of a kind out of it that the author never intended.

***George Lehmann***



'The Boat, the Knight, the Tank' by Malcolm Morley, 1990. Watercolour and encaustic on paper

# First division artists

TWO PAINTERS well up in the First Division of international reputation are currently showing in London. Malcolm Morley fills the the Anthony d'Offay Gallery (9, 21 & 23 Dering Street, W1: until October 12), with recent painting and sculpture, and a concise Georg Baselitz retrospective is split between the Grob Gallery (20 Dering Street) and Runkel-Hue-Williams (6 Old Bond Street W1: until November 2). Morley is the Englishman who won the inaugural *Turner Prize* in 1984, though he has lived in New York these past 30 years: Baselitz the German Midas of modern painters, whose habit is to hang his images upside-down.

Morley, who follows the easy practice of a painter of his standing, of casting favourite images – tanks, ships and soldiers – into bronze, produces objects that are moderately intriguing, but remains more interesting for his painting than his sculpture. His paintings, extremely large canvases and substantial water-colours, are most impressive and come as an agreeable surprise: I have long held his work to be serious and of considerable accomplishment, but had not expected these new paintings to be so full of energy, nor so directly and physically enjoyable.

He still trails his Pop-art cloak, at least in the large oil paintings, but even there he does so with somewhat more discreet and ironical a flourish. Gone is the blustering imagery and the heavy handling. This is now real, intuitive painting, active and direct. And while some of these large compositions still carry their fantastical inventions and loaded imagery, the deeper feeling throughout is of something seen and felt in the real world.

The key to this new-found directness lies with the water-colours, which stand in the great English tradition of topographical and natural observation, quirky, amused and vigorous of expression. Their hot, saturated colour and surrealist overtones call up the work of Edward Burra, while their odd exactitude of observation, of the beached houseboat, for example, recalls that of Edward Bawden. Altogether this makes for a potent imaginative mixture, and if Morley thinks the comparison in any sense demeaning, he should look again at Bawden, in particular his work as a war artist, which is as powerful as anything by any Englishman in our time.

By direct comparison, the work of Baselitz seems tired and flaccid, the paint arbitrary in the handling, the surface open, empty and dull, while the famous device of the inverted image now smacks increasingly of affectation and has become a tiresome cliché, at once drawing attention to itself and, in the supposed irony of denying itself, pointing merely to the perfunctory inadequacy of the statement.

And yet there was something there once, some spark of energy and painterly conviction. The worried, rugged figures and sliced and fractured images of the 1960s still hold together as strong, authentic and deeply personal works, especially so seen against the pop and abstract orthodoxies of the time. Today, much of the most powerful figure painting being done anywhere is, like Baselitz himself all those years ago, coming out of East Germany. And one of his earliest inversions, the Grebe on its nest, of 1970, as it were its reflection floating in the water, admirably shows off the swift technical panache that Baselitz has long discarded. But from then on it is down, upside-down, all the way.

Finally, a recommendation for all those who might feel that abstract, minimal and geometric imagery has no place in art. Thomas Gibson (44 Old Bond Street W1: until November 2) has an exhibition of feather cloaks, capes and hangings from pre-Columbian Peru. The survival of these exquisitely fragile ritual decorations, some nearly 2000 years old, is extraordinary enough, only their physical appearance is more so. The vivid scarlets, blues and yellows may have faded through the long, dark, centuries of burial, but yet how fresh and bright and wonderfully seductive they are.

***William Packer***

# Couple of nasty pieces of work

**WALTER WINCHELL**
**by Michael Herr**
*Chatto & Windus £12.99, 158 pages*

**THE LIFE AND DEATH OF MY LORD GILLES DE RAIS**
**by Robert Nye**
*Hamish Hamilton £13.99, 323 pages*

**THE REMOVAL MEN**
**by David Phillips**
*Duckworth £12.95, 224 pages*

**DANCE WITH THE DEVIL**
**by Kirk Douglas**
*Century £13.99, 306 pages*

IN HIS heyday, the veteran journalist Walter Winchell wrote a daily gossip column and made a weekly radio broadcast that commanded a following of perhaps 50m Americans. For most of the 1940s and 1950s he was the nation's highest paid hack, a legendary figure holding court at Table 50 of New York's Stork Club, where he was joined as often as not by Ernest Hemingway, Damon Runyan and a host of other celebrities. He was also, as this biographical novel makes clear, a thoroughly nasty piece of work, on a par with his right-wing contemporaries Joe McCarthy and Roy Cohn.

It is called a novel, but in fact the work began life as a screenplay, as Michael Herr cheerfully admits. Although an experienced scriptwriter – *Apocalypse Now, Full Metal Jacket* – he was unable to sell the idea to the studios and decided to turn it into a book instead, complete with camera directions, scene changes and montage sequences. The result, inevitably perhaps, is neither a script nor a novel but a hybrid of the two.

An uneasy hybrid, it has to be admitted, because screenplays are not easy to read at the best of times, and as a novel the book never gets a chance to flow. That said, however, the portrait of Winchell is a convincing one, probably too convincing for a studio in search of a likeable central character. It would make good television nevertheless – which is ironic, because it was television that ultimately found Winchell out. The American people took one look at him at the beginning of the 1950s and decided they did not want such a boor in the corner of their living rooms. Winchell's career went into a nose-dive soon afterwards and he was never the same man again.

For all his unpleasantness, however, Winchell was nothing in comparison to Gilles de Rais, the subject of Robert Nye's new novel, who was burned by the French in 1440 on charges of witchcraft, heresy and the unnatural murder of more than 140 children. The story is well known, but Nye tells it afresh through the eyes of the priest Blanchet, the only member of de Rais' household to be found innocent at the trial. He has gone back to primary sources in French and Latin and has worked the whole thing over from the perspective of a comparatively minor employee, who arrives as a stranger at the castle and gradually finds himself sucked into an appalling sequence of events which had no parallel in its own day and still has the power to shock even now.

De Rais comes across as a Dracula-like figure, creeping around his castle and conducting fiendish experiments in alchemy and black magic, while all around him recoil in horror. The priest is reluctant to hear de Rais' confession, for fear of having his tongue cut out afterwards so that he can't talk about it. Nye piles on the detail in suitably high-flown language, steadily building up the tension towards de Rais' trial and execution. He has written a very atmospheric story, part Gothic horror, part historical novel, but with much more talent than either of those labels might suggest.

*The Removal Men*, by David Phillips, is a farce, and rather a good one, although overdone in places. The plot revolves around the death in an air crash of the 13th Earl of Kinclaith, a hoary old tax exile whose son has been missing for years and whose grandson is unsure therefore whether he inherits firstly, the title, and secondly – and much more important – the money.

For tax avoidance reasons, the late Earl needs to be buried half in France, half in Switzerland. A leg is retrieved from the crash for this purpose, but its provenance is bitterly disputed by a family of Greeks who need a leg of their own for insurance purposes. Throw in the Earl's last wife – a gorgeous young woman whose claim to his fortune is valid in some jurisdictions but not others – and a pompous lawyer whose knowledge of English, Scots, French and Swiss law is rivalled only by the size of his fee, and you have the makings of an excellent satire on the vagaries of tax exile and the legal system. The author gets bogged down in his own humour sometimes, but his story is likeable enough and he clearly had a lot of fun writing it.

Kirk Douglas's fiction debut, *Dance with the Devil*, tells the tale of a Jewish refugee who makes it to Hollywood from an Italian concentration camp and becomes a film director under an assumed name. For years he conceals his Jewishness, even posing as anti-Semitic on occasion. He marries money, has a child, lives the American dream. Then he meets a beautiful Polish prostitute, herself a refugee – from a later era – of the same concentration camp. His father-in-law meanwhile, who had always opposed the marriage, has hired investigators and is on the trail of his Jewishness. It is time for the refugee to come to terms with himself...

All of which makes for a neat enough story, no better or worse than many others of its kind. Douglas himself sometimes concealed his Jewish origins when he first arrived in Hollywood, so he is clearly writing from the heart. His book occasionally lacks pace and narrative thrust, but rattles along comfortably enough for all that. As to whether Douglas himself will be starring in a film version, time alone will tell.

***Nicholas Best***





## New York Saleroom

# Bullish about Asian art

WHEN EITHER Sotheby's or Christie's produce a hardback auction catalogue it shows that they mean serious business and, if instead of an estimate in the catalogue they say "Refer to Department", then they are hoping for a record price. This type of ploy is a regular occurrence in areas like Impressionist and Contemporary Art, but it is something of a surprise when the plush bound catalogue is for a sale of Indian and Southeast Asian Art and prospective purchasers are being "referred to department" for the estimate on a 9th century Rajasthan figure of a river goddess in sandstone.

"The Pan-Asian Collection" which Sotheby's will sell in New York next Friday is being given hardback treatment. As though that were not enough, Christie's will hold its first New York sale since 1982 of Indian and Southeast Asian Art on Wednesday next. The market for Indian, Himalayan and Southeast Asian Arts is hotting up and the word about town is that it will be this season's bull market.

Sotheby's in New York, who has been pushing Indian and Southeast Asian since 1987, will have as many as four sales in Manhattan this year: last year it had one. Its estimate for next week's Pan-Asian Collection together with the general sale of similar material that follows on Saturday next is \$6-\$9m: the previous record for such an auction – at Sotheby's London last March – was \$2.5m.

One of the difficulties about Indian and Southeast Asian Art is that many items were created either as objects of worship or else as adornments for religious buildings. This means that they belonged to a temple or shrine and by rights that is where they should still be. If they are on the market it means, almost certainly, that at some stage they have been pillaged. The Indian Government introduced export controls only in 1973 and that is the date adopted by Unesco for its ruling that art of this type must either have documentation which proves that it was legitimately exported, or a provenance which shows that it left India before 1973. Of course there is illicit traffic in Indian and Southeast Asian Art, but those objects find their way quietly into private collections and not, as a rule, to Sotheby's or Christie's. The auctioneers prefer a provenance and that is why Sotheby's is so pleased to be selling the Pan-Asian Collection.

This major collection is so-called because, according to the New York dealer Bob Ellsworth (who happens also to be next week's vendor), the man who assembled the Collection "was scared to death his mother would ever find out that he was collecting such stuff." (The mother in question was a Lazard Frères) and the collector was Christiaan Humann. During the 1960s and '70s Humann bought compulsively so that by the time of his death in 1981 he had more than 1,600 objects. Ellsworth bought the lot, sold some of the better pieces to museums, discarded many of the worst at a Christie's New York sale in 1982, and is now disposing of the remaining 137 items.

Carlton Rochell, head of Sotheby's Indian and Southeast Asian Department in New York, believes that about \$250,000-\$350,000 will secure the top lot in the Pan-Asian sale: the Rajasthan river goddess. This will not be the highest price ever paid for a Southeast Asian work of art: that record is held by a 10th century Khmer grey sandstone bust of a five-headed Shiva which sold at Sotheby's London in 1988 for \$606,000. A really superb 12th century Khmer brown sandstone figure, over 4ft high, of the four-armed god Vishnu is included in next week's sale (estimate \$200,000-\$250,000).

Also on offer are some really fine South Indian bronzes: a sensuous 12th century figure of a Buddhist divinity (\$150,000-\$200,000) and a fabulous 4th century Krishna dancing on the serpent Kaliya (estimate \$100,000-\$150,000).

Christie's is including among the 237 lots in its sale a single-owner collection that is quite different in nature and origin. This belonged to the Michigan naturalist, Walter Koetz, who worked in the Himalayas and Tibet during the 1930s and returned to the US with a substantial number of objects and paintings. Chief among these is a group of 38 thang-kas, or Tibetan Buddhist paintings, dating from the 14th-19th centuries. The finest, just 17 inches high and dating from the 15th century, depicts the god Samvara (estimate \$20,000-\$25,000). Of the miniature paintings in the Koetz Collection, one is very rare. Deriving from the 17th century Basohli School in the Western Himalayans, it is estimated at \$30,000-\$50,000.

***Homan Potterton***

ARTS

# 'Greek' proves a knockout

*Max Loppert hails the arrival of Mark-Anthony Turnage's first opera at the Coliseum*

IN THREE bounds a first opera by a young and so far little-known English composer leaps onto the Coliseum stage, from where it delivers the audience a knockout blow. *Greek* has music by Mark-Anthony Turnage and a libretto adapted by Turnage himself and the producer Jonathan Moore from Steven Berkoff's 1980 play of the same name; it was commissioned for the first year (1988) of the Munich Biennale, where it scooped the big prizes, and gained its British première at the Edinburgh Festival a few months later.

Now *Greek*, given in Moore's original production, reaches the city which it hymns in such bleakly beautiful, despairingly abrasive strains. Its arrival – even for only three performances – marks a peak in the ENO's current season of 20th-century opera, and a moment of (it seems to me) tremendous excitement in the history of British opera.

This is a work with a shock-horror reputation already well advanced. It contains much "bad language" (which may have accounted for some departures from the stalls midway through Thursday's performance). The Berkoff play, a masterpiece of torrential poetic rhetoric, had of necessity to be trimmed down; even so, sufficient remains of hilarious, raucous ruderies to upset tender sensibilities. Then, of course, there are the unbridled anti-Thatcherist postures struck, far more by the adapting librettists than in the original source-material: in this East End re-writing of *Oedipus rex*, the victims of the plague haunting the city are clearly those of 1980s social deprivation and degradation.

The simplest response to *Greek* would be to dismiss it (as, indeed, unsympathetic critics already have) as agitprop opera – in the phrase of one, a "kind of 'tuppenny opera' to a certain celebrated 'threepenny'". And, indeed, if Turnage's score were not so utterly fluent in its control of music-drama, so bewilderingly fertile in its inventiveness, so extraordinarily apposite in its range and combination of "popular" and "serious" idioms, that's probably all it would be.

Instead, this is a real opera, the "message" deepened by the music: it becomes a cry of rage shouted from the guts and at the same time enriched by unsentimental compassion. Reviewing the 1988 Edinburgh showing on this page, Andrew Clements pronounced *Greek* "remarkable in its assurance, its faultless dramatic and musical pacing, and the economy of its style." By Turnage's combinations of anarchic humour, violent outburst (the police riot in Act 1, a set of mad variations on the "Laughing Policeman" song, is probably one of the most ferocious episodes of theatrically focussed noise ever to be built up in a London theatre), and blues-haunted lyrical rapture, I am reminded of the way, in *Punch and Judy*, Harrison Birtwistle found new musical and theatrical life in age-old tales and legends – and, so doing, gave British opera a much-needed kick out of complacency.

The musical language of this short (about 80 minutes, played without break) but jam-packed opera is at once new, personal in its tone of voice, and full of influences humbly absorbed – Stravinsky (in the woodwind-chorale-type refrains underlying even the most acrid dramatic events), Tippett, above all Britten. (The second act seems haunted by the shade of *Death in Venice*, another opera about a plague.) As one would expect in a first opera, there are occasional miscalculations – Turnage has been optimistic in his confidence that Cockney-accented words will be audible (especially in a theatre of Coliseum size) when delivered at a fast pace above a shrill, rhythmically pulsating accompaniment. The marvellous thing is how few, and how masterly the whole.

Moore's production is designed by David Blight (with infinite wit in its thematic use of dustbins and garbage), and peopled by the original, astonishingly brilliant leading quartet – Quentin Hayes as the punk-shaven Oedipus, and Richard Suart, Fiona Kimm and Helen Charnock in a quick-change variety of roles. The Almeida Ensemble is conducted with absolute authority by Richard Bernas.

It was fascinating to compare this slice of modern operatic theatre at its most compelling, poised with deadly accuracy between Cockney burlesque, expressionist drama, and timeless epic, with the made-for-television *Greek*, directed by Moore and Peter Maniura, that was shown last Sunday on BBC2. The television version was devised with admirable intelligence, got far more of the words across and had fun with props – the acquisitive streak of Mr and Mrs Eddy was deliciously detailed.

But the impact – rootedly theatrical – and the originality of Turnage's music were inevitably set at a discount via the small screen. His is above all a born opera-house talent: and with the arrival of *Greek* the future of British opera looks that much brighter.

Alastair Muir

East End rewrite of Greek tragedy: Quentin Hayes as a punk Oedipus

# Celebration for Tippett's 85th birthday

AS IT turned out, this was a birthday celebration without the main guest. Although it had been widely advertised that Michael Tippett himself would be present to join the marking of his 85th birthday at this concert at the Barbican on Thursday, the composer was unfortunately obliged to send his apologies due to illness. A bottle-shaped present from the orchestra was sent on to him instead.

For their musical offering the London Bach Orchestra under John Lubbock had chosen a mixed programme. In the first half Tippett's *Fantasia Concertante on a theme of Corelli* was paired with the Corelli Concerto grosso (Op.6 No 2) on which it is based – an often-used and rewarding combination, although the performance of the Tippett sounded neither as beautiful or as precise in execution as it might have been. The orchestra's Mozart later was marvellously spirited.

The main interest of the evening, though, was a Tippett novelty – not a new piece, but one newly conceived. The song cycle, *The Heart's Assurance*, was performed for the first time in a new version for orchestra by Meirion Bowen.

The arrangement has one obvious advantage: the music is not often performed in the original because of the difficulty of the piano part (Britten called it unplayable) and so this may give it greater currency.

As far as one can tell, Bowen has chosen to keep the scurrying semiquavers that ran through Tippett's piano part more or less intact, assigning them to a mixture of wind, harp and, occasionally, strings. Where anything is added – a held string chord or the trumpet call in the final song – the effect is completely in harmony with the composer's intended atmosphere. The sound-world of *The Midsummer Marriage* always feels close at hand.

In essence, what we have here is *The Heart's Assurance* on a larger scale, glowing fully with the rich colours that the piano part always seemed to have in its sights. If the soloist, Teresa Cahill, did not sufficiently dominate the instruments, I do not feel that would necessarily be the case with another singer, whether a soprano or the more usual tenor. At least more of them might try the piece, now the pianist's right of veto has gone.

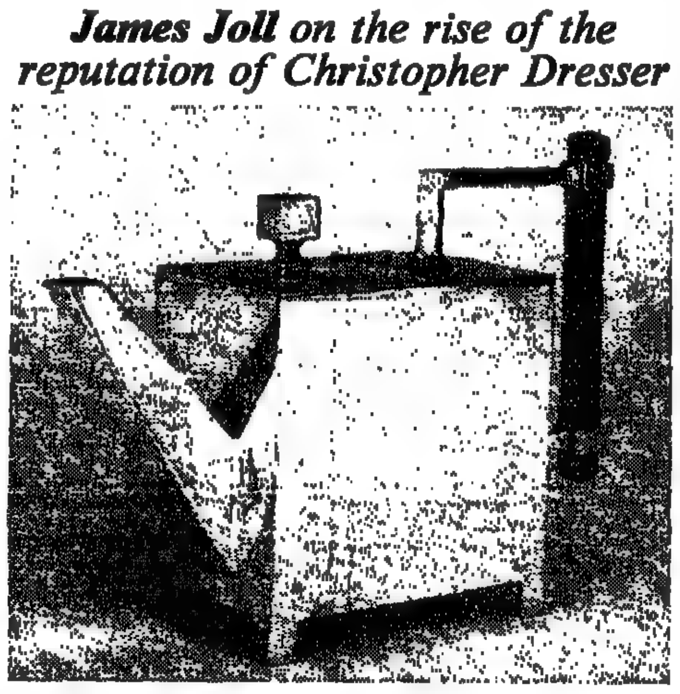
***Richard Fairman***

# Precursor of modern design

*James Joll on the rise of the reputation of Christopher Dresser*

IT IS ironic that increasing public disfavour for the modern movement in architecture has been paralleled by the dramatic rise in the reputation of Christopher Dresser, one of the greatest precursors of modern design. In an exhibition held at the Fine Art Society and Haslam & Whiteway (until October 6) to celebrate the publication of a new monograph on his life and work *(Christopher Dresser* by Widar Halen, Phaidon, £45), the stark geometry and revolutionary shapes of Dresser's metalwork are amply displayed. Who else could have conceived a teapot in the shape of a cube with a hole in the middle, or a toast-rack consisting of a simple row of vertical rods and a handle? Yet this seductive view of Dresser's studio as the British Bauhaus of the 1880s which led Niklaus Pevsner to hail him as one of the pioneers of the modern movement, is far too narrow and simple.

Looking round the *Fine Art Society* display cases, what strikes the visitor is the breadth of Dresser's designs, his instinctive sympathy for the different materials used and a considerable eclecticism of style. Dresser was the first modern industrial designer. A contemporary of William Morris who came to design from a study of botany, he had none of the former's distaste for the industrial revolution and mass production. Thus Widar Halen, who has ferretted out a mass of detailed information about Dresser's designs including a great many now lost, points out how important he becomes as a supplier of wallpaper design to all the leading manufacturers in the 1860's and 70's. Why did these designs disappear from view while there has been such a surge of revival of Morris?



Dresser's teapot, made by James Dixon & Sons in 1880

At the same time Dresser was active in ceramics, and his happiest early decorative work was done for Minton, in particular a whole range of cloisonné vases, matchpots, etc. on a brilliant turquoise or pink ground. These are admirably displayed but represent only a fraction of his designs which cry out to be made today.

The inspiration for many of Dresser's most fantastical designs for Minton, and his quite different later ceramics, stems from a knowledge of Japan and its visual culture, which was far deeper than any of his contemporaries. Fascinated by Japan even before the first comprehensive display of its artifacts in the 1862 exhibition, he visited the country in 1876 on behalf of the South Kensington Museum (now the V&A), bought Japanese art extensively for Tiffany and wrote a first class book on his experiences.

His later work, combining the quality of hand craftsmanship with the technique of mass production, is shown to great advantage in the work he did for the Linthorpe and Ault potteries with their emphasis on rich glazes and monumental shapes which look as startlingly contemporary as the more obviously modern metalwork. Finally, Dresser turns his hand to glass, above all the so-called Clutha ware, retailed by Liberty's, which was deliberately bubbled and streaked in shades of colour far bolder than was conventional and anticipating the sinuosities of art nouveau in many of its asymetric shapes. Here the exhibition can only hint at the riches illustrated in Dr Halen's book.

Although Dresser was not in Morris's league as a creator of flat design, his fertility of imagination and breadth of activity are well captured in this exhibition and only tend to underscore the decline in our current standards of design and the failure of most manufacturers to make objects that are both useful and beautiful.

Radio

# Newspapermen to the life

*Pravda* is the last of Radio 3's Friday plays, sometimes the dramatic pick of the week, now to go out on Sundays instead. (Tomorrow comes *Julius Caesar*, and the following Sunday a run of pieces by Harold Pinter, celebrating his 60th birthday.)

Anthony Hopkins played his stage part of Lambert LeRoux in *Pravda*, the South African parody newspaper tycoon, clawing his way to ownership of the *Daily Victory* by way of the *Leicester Bystander*, taking in the tabloid *Tide*. He promotes Andrew May, the editor he likes, and sacks almost everyone else. His right hand man, the Australian Eaton Sylvester, is Bill Nighy, also from the stage production; he and LeRoux (a smashing performance), with their colonial accents, are the easiest of the vast, mostly male, cast always to identify at once.

LeRoux admits ultimately that he is less interested in the newspapers than the exploitation, and Andrew, a genuine devotee of real journalism, ends up after a period in revolt as editor of the *Tide*. The story is very much like that of British newspaper ownership, the jokes are the jokes of newspapermen – that is, clever and witty – and the playing ideal. The adaptation of David Hare and Howard Brenton's play is by Richard Wortley, who gives the exact emphases to the tales of disloyalty, dishonesty, ambition, even the odd hint of decent thinking, a quality not entirely unknown among journalists. Wortley also directed.

Tonight we embark on six months of the Forsytes on Radio 4. By way of a prelude, we had *Passport to Permanence* on Wednesday, a lightly dramatised version of John Galsworthy's life. A rather Forsytean life it was. Galsworthy (distinguished at New College as the best-dressed undergraduate) read for the Bar, sat on the board of his rich father's companies. He was not a natural writer; it was his cousin's wife Ada who prompted him, and he was excited by Joseph Conrad when he met him as mate on a liner.

He began with short stories and published those himself. Ada, whom he married after his cousin's death, though he had been living with her for ten years, encouraged his writing, and they had plenty of money. There was an affair with a choreographer, Margaret Morris, but we hear of nothing more serious than a kiss in a taxi and a farewell letter from wartime France, where he was working as a masseur.

He had more success at first with plays than novels; *Justice*, with a scene showing solitary confinement in an English prison, was admired by Home Secretary Winston Churchill, and the prison conditions were changed. In time, Galsworthy was awarded the OM and the Nobel Prize for Literature, but sadly, cerebral thrombosis prevented him from accepting the award. You can compare him with Young Jolyon, Ada with Irene, Arthur with Soames, but the fiction is perhaps more colourful than the life. At any rate Richard Mullen, who has compiled this feature, has done all he can to inject interest into what seems to have been a fairly dull man.

The dangers of tracing genealogies were illustrated in *The Last Trace* by Sue Rodwell, also on Radio 4 on Wednesday. A London family invite their "long-lost Australian cousin" Frank to stay with them, believing that he is rich and will bring them great benefits. It turns out, though, that they are descended from Frank's evil brother Ezekiel, whose evidence it was that got Frank transported, and Frank does for them all. Sue Wilson directed this modest joke. I wish I could have guessed what was in Frank's fatal box.

I heard Radio 4's *Is the Second One as Good?* yesterday because they are doing a series called *The First Time*, and I thought I might make some connection. The first *First Time*, about poor children on a yacht, was pretty dull – perhaps next week's, about doctors, will do better. *The Second One*, however, was an enchanting programme – philosophical, historical, artistic, geographical, agricultural, experimental – about strawberries. The brand we are to ask for is the Bogota, producer John Groser concludes.

***B.A. Young***

# Storm brewing over devolution

WHAT A difference six months makes! In March Mr Richard Luce was Minister for the Arts. He unveiled his great memorial: the policy of devolution, under which the nation's arts organisations would be critically assessed and funded by revitalised Regional Arts Boards. The role of the Arts Council in London would shrink to that of a strategic, consultative, body which only directly financed the Big Four (RSC, ENO, Covent Garden, National Theatre) and a handful of touring companies. Most decisions would be made by the local experts.

Yesterday the new secretary general of the Arts Council, Mr Anthony Everitt, issued a consultative document listing the arts organisations that would be devolved to their regions. It consists of 92 names. But 81 companies will still be funded by the Council.

At a stroke the economies and cuts in bureaucracy anticipated from the strategy look quite illusory. Even so the devolution proposals are likely to precipitate the biggest and longest series of rows ever to hit an industry which wallows in a good bust up. No arts organisation has shown a wish to be funded locally. All like the prestige, and the arms length assessments, that they get from Arts Council funding.

So the Royal Court Theatre, which sees itself as a national, indeed international, stage for new writing, abhors the idea of negotiating in future with Greater London Arts, whose greatest expertise, rightly or wrongly, is seen to lie in dishing out small grants to community arts projects. The same goes for the four major orchestras, the LSO, the LPO, the RPO, and the Philharmonia, whose horizons are world wide and who hardly acknowledge GLA. The theatres at Hampstead and Greenwich; the Young Vic; the ICA, all dislike the change.

Organisations have the right to appeal but since the Council is operating the devolution policy under strict guidelines – if an organisation has a mainly local audience; significant funding from a local authority; and has a performing base in a fixed locality it gets devolved – they will find it hard to change minds. And yet there are blatant anomalies – the Sinfonietta, the purveyor of contemporary music, is also London based but retains Arts Council direct funding.

In the north west the Royal Exchange Theatre, Manchester, the Liverpool Playhouse, the Royal Liverpool Philharmonic and the Hallé will be less than delighted to have to look to Arts Board North West for funding, and the CBSO and the Belgrade Theatre in Coventry will be wary of their new master, West Midland Arts.

The first round of devolution is scheduled for April 1, 1992, but Anthony Everitt acknowledges that when the policy takes formal shape it will be quite different from the blueprint. For a start, the regional arts boards themselves will be unrecognisable. This is certainly the case in London. With or without justification GLAA has few fans. It is supposed to be changing. If and when it takes on the orchestras, the Royal Court, etc, in April 1993, it could be an entirely different organisation. You can take the word of the new Minister for the Arts, Mr David Mellor, for that.

For the joker in the pack is that the Government is giving the illusion of local accountability while keeping tight central control. The Minister announced this week that he is to appoint the chairmen of the new Regional Arts Boards. He has reduced local political representation from a half down to a third of members. He will have a say, with the Arts Council, in most of the appointed members. The arts are to be Thatcherised.

And, what makes it even more of a nonsense, the Arts Council will still allocate the funds and exercise control on how they are to be distributed. If the new GLA wants to take money away from Hampstead Theatre and give it to Greenwich the Arts Council can say "Hold on. Convince us". In effect the policy, with only half the arts organisations devolved, with the likely sacking of many RAB members, with the confusion over who holds the purse strings, looks like the most tremendous mish mash.

And with David Mellor set to be an interfering Minister and a General Election likely to coincide with the hand overs, the whole process could easily come to nothing.

***Antony Thorncroft***

Chess No. 840:
1 Rxc8 Rxc8 2 Bxb7? Rc3 and White resigned. If 3 Qa1 Rxg3+ 4 fxg3 Bxa1 wins.

# Travel

# Brochure Guide

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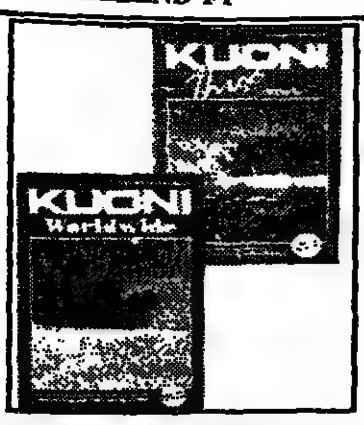


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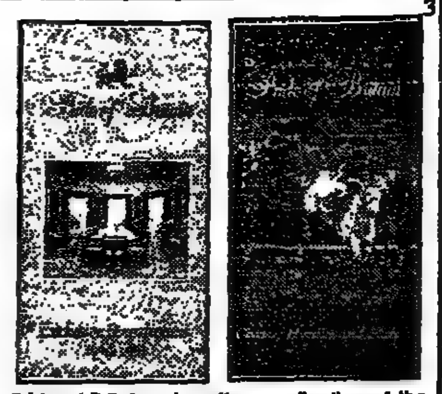

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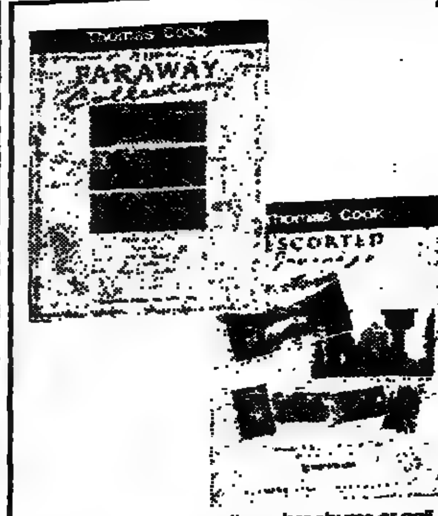


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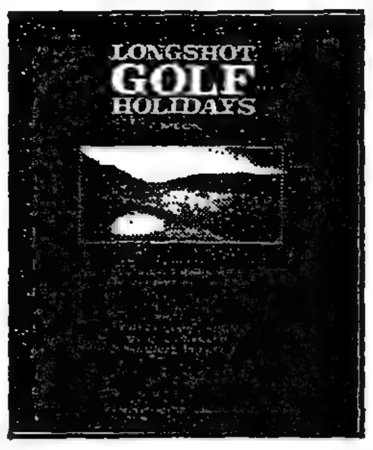


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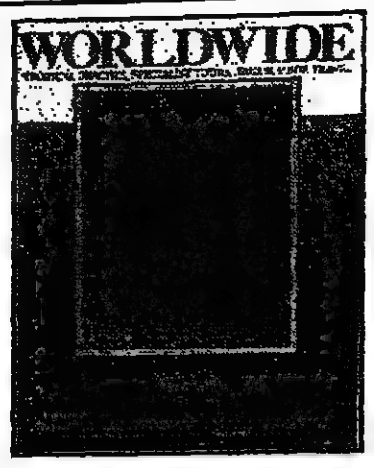


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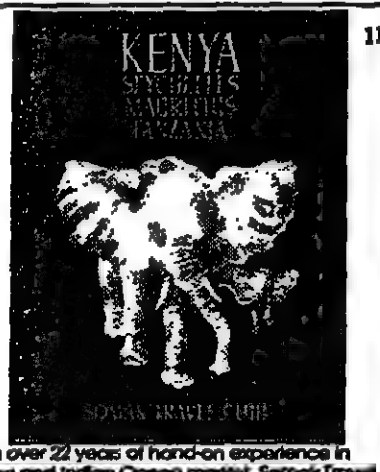


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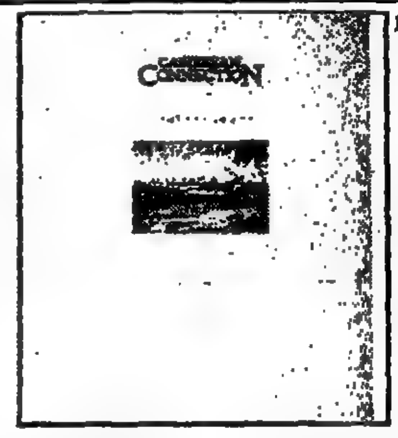


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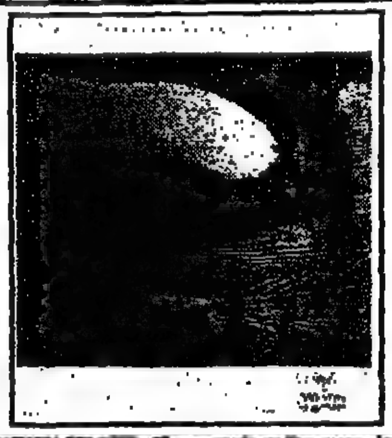

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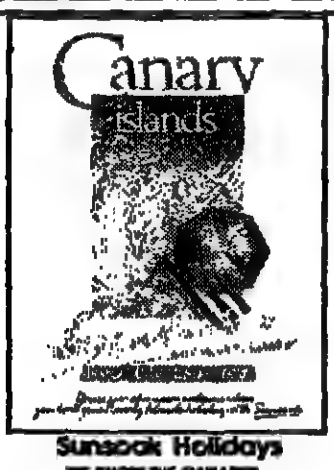


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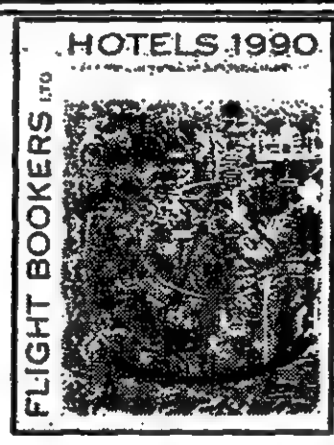


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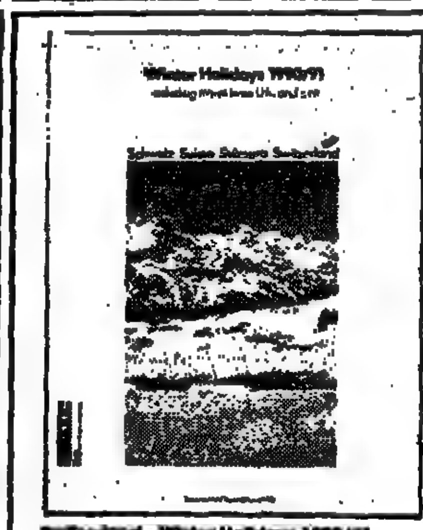


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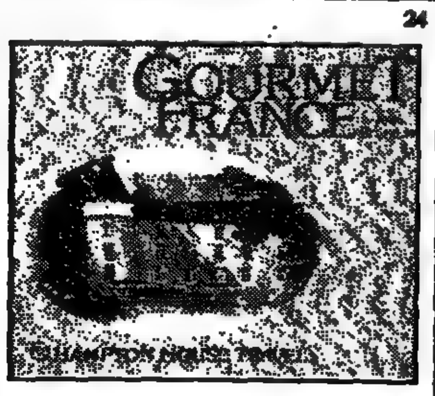


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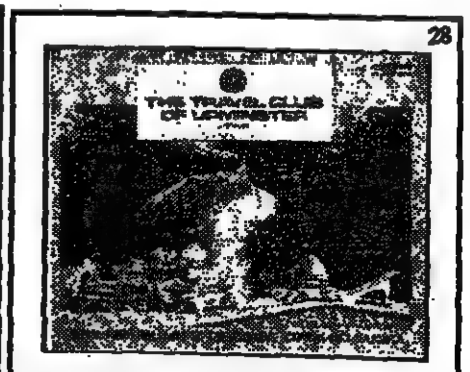


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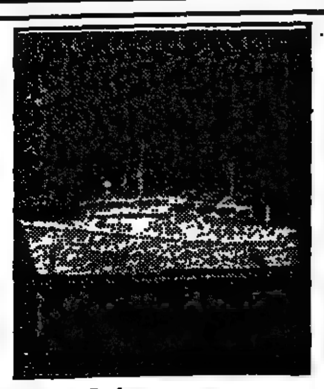

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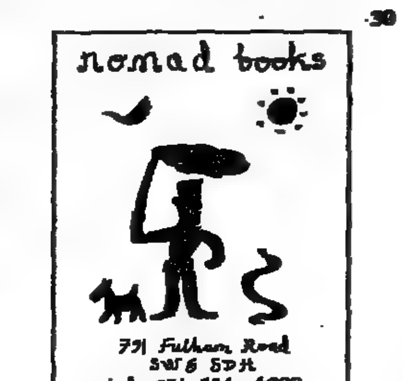


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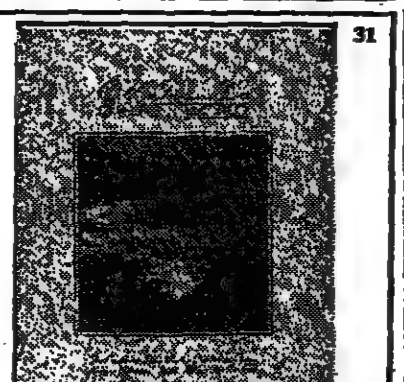

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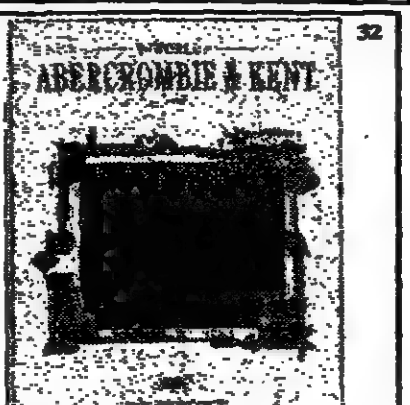


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TRAVEL

# Laos – Asia as it used to be

*John Westbrooke explains why he was pursued by a Thai Princess*

LAOS WOULD like better relations with the outside world, especially Thailand, which is why our paths kept crossing that of the Thai Princess. Laotian towns seem to have a good tourist hotel and a not-quite-so-good one. The Thai Princess kept taking over the good hotels. We kept being relegated to the other ones.

The museum in Vientiane has a small display explaining how the much-venerated Emerald Buddha was abducted by the Thais last century. (You can still see it in the Grand Palace in Bangkok). However, this explanatory note had been ripped down – in case the Thai Princess saw it.

It could have been worse. Originally, the Thai King himself had been expected to come calling. He changed his mind, but in the meantime the Laotians had cancelled the visas of all other foreign visitors. At this rate, they are not going to attract many tourists.

But that is Laos's appeal: you won't see anyone you know there. It feels, unexpectedly, like a small Greek island, without the beaches: hot climate, lukewarm food, cold showers and politely friendly people. Nothing happens in Laos. All around are better-known countries: Thailand with its nightlife, Burma with its temples, Vietnam and Cambodia with the lure of recent history. Not Laos, though. Landlocked and laid-back, it seems to have slipped off the map.

Vientiane, the capital, is little more than a country town looking lazily across the Mekong river to Thailand. Its most dramatic building is the Anousavary monument to the dead of the Second World War, a pseudo-Arc de Triomphe with oriental cupolas on top and goats grazing below.

Peering through dusty windows of a couple of bookshops, we could see English-language Soviet magazines; but we never did find the shops open.

One of the hotels – the good one, the Lane Xang – sold a bulky, spiral-bound guide to the country, apparently intended for diplomats; there was nothing tourist-sized. We found only one postcard, a picture of a temple, and it had the wrong name on the back.

The lack of information seems universal: neither in London nor in Bangkok could we find anything about Laos bar a couple of pages in the back of south-east Asia guidebooks. You just have to leap in and see what you discover.

Even there, though, nobody seems quite sure how the country runs. One Laotian thought the main export was furniture; another, toothpicks. They do sell timber and hydroelectric power, and overflight rights to airlines.

Recent history is another blur. Laos signed a ceasefire with the Americans during the Vietnam war and a royalist-communist coalition was set up; but when Saigon fell, the royalists in Laos fled too, and the communists took charge. And the royal family? Nobody knows what happened to them; best guess is that they're dead. Their former palace in Luang Prabang has a few mementoes, along with an eccentric collection of – among other things – US Air Force badges, Indian antiquities (one labelled "Central Cottage Industrial Emporium, New Delhi") and a piece of moon rock.

The rulers allowed elections to the National Assembly last year, but the candidates were mostly hand-picked, so Laos is still pre-perestroika communist. Will the events in eastern Europe make any difference? No, said our government guide, communism here isn't the same. But to an outsider it feels the same: reticence and a lot of motorbikes where other countries have cars.

One woman, with royalist connections, explained to me that after the war, her father had to go to a seminar.

A seminar? "Yes. Up in the mountains. For six years." Uncle, who went at the same time – this must have been about 1975 – is still there, presumably having trouble with his re-education. Then there was the man who asked where I was going next.

Australia, I said.

"Australia? My brother lives in Melbourne."

"How did he get to Melbourne?"

"Swam."

"*Swam*?"

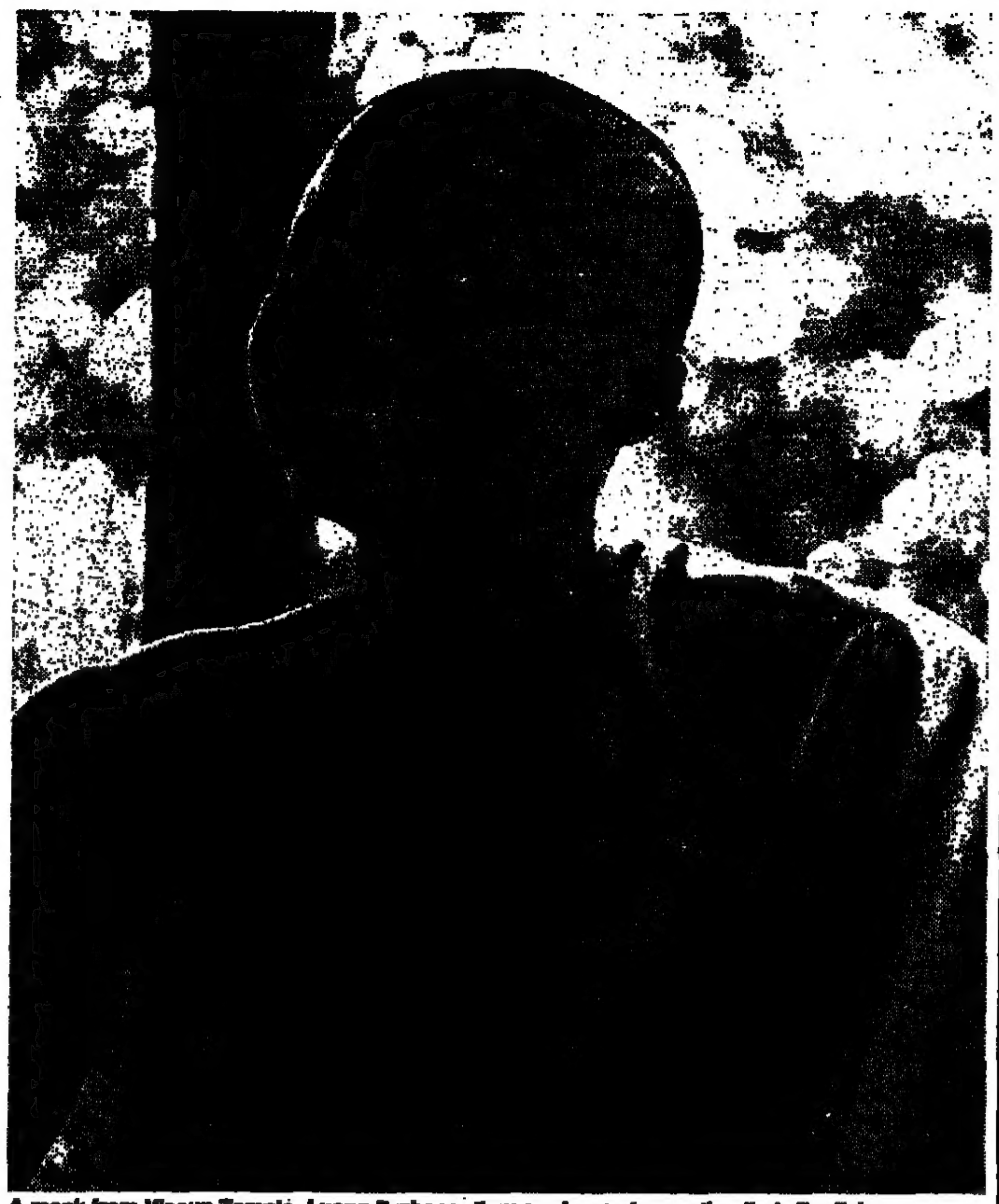
"Swam Mekong." Having escaped across the river to Thailand, he was free to start a new life. So life in Laos isn't as innocently idyllic as it might seem.

Luang Prabang, though, seems far from politics. Upriver from Vientiane, or half an hour in a rickety Russian turboprop, this was the medieval capital of one of the three kingdoms that make up modern Laos. Now it is hardly more than a big village. I puffed my way up Phousi hill overlooking the town to take in the view, only to find I could see almost nothing. Resolutely low-rise and mainly wood-built, Luang Prabang is mostly invisible among the lush tropical vegetation, except for the occasional corrugated-iron roof.

At ground level it is a town of *wats*, or temples. They don't go in for spires or domes, but have steep tiled roofs rising in tiers. Inside walls are intricately ornamented with wood carvings and gold leaf, or lined with Buddha statues. One has an unusual series of hellfire paintings depicting the punishment of sinners, more Bosch than Buddha.

Saffron-robed monks, happy to practise their English, appeared to show us around: those are Buddhas accumulated from other *wats* destroyed in the wars of the 19th century. This is the funerary urn of the last king but one. And these are racing boats – long boats, 48 rowers each, used for the inter-village Henley along the Nam Khan (a tributary of the Mekong) in August, and kept in monasteries in between times, to acquire blessings.

Secular Luang Prabang is warm and sleepy. There is a new, concrete market building in the middle of town, where you can buy almost-western goods like "Lives Strauss" jeans; but the food market near the river is more fun. Hill-tribeswomen in black skirts walk along boards placed on the muddy grounds. Cigarette sellers roll their own from huge piles of tobacco.



A monk from Visoun Temple, Luang Prabang: they are happy to practise their English

Much of the fruit and veg is unrecognisable to western eyes. The white stuff in a bucket proves to be ants' eggs, and the green stuff that moves is baby frogs. (Hotel meals, thank goodness, are more or less western: potatoes, tomatoes, cucumbers, eggs, meatloaf, pork, little bananas).

We went on a cruise up the Mekong, to where it meets the Nam Oo, and inspected two caves full of carved Buddhas. The vegetation was soft green, the distant hills blue, the water brown. Occasionally, water buffalo or fishermen could be seen, but there was little river traffic and few villages. We stopped to watch women panning for gold; it isn't the Yukon, but you can make enough to live on in a poor country.

In the evening, we went out to experience the nightlife. The cinema was showing *He-Man and The Masters of the Universe*, dubbed into high, squeaky Laotian voices. In small stalls set up along the roadside, we could shy at coconuts, play tabletop football or gamble on a clattering home-made roulette wheel.

At 11pm the lights went out for the night. The whole town went black; fans in hotel rooms stopped working, televisions turned off and the street stall merchants went home. The river, it seems, was low and not providing enough hydro-electricity.

So that is Laos: a country short of night lights and post-cards and without coins (there are about 1,250 kip to the pound, so the 1 kip note isn't worth a lot; US dollars are always welcome). Laos must be Asia as it used to be.

■ *Orbitours of Australia runs short tours of Laos which can be booked through Hann Overland (London: 071-834-7337). Visas are obtainable in Paris or Bangkok, where the tours depart.*

TRAVEL BUSINESS

# Holiday blow

THE GULF Crisis has led to a significant drop in holiday bookings for next summer to Cyprus, Turkey, and Egypt – all destinations which enjoyed a buoyant summer for tourism this year and which in normal circumstances could have expected growth to continue strongly in 1991.

Cyprus has been particularly unlucky since its concerted efforts in recent years to upgrade its hotels and other facilities had made it the best-selling Mediterranean destination for UK travel agents this summer.

Bookings for next summer are at least 50 per cent down on this year, according to travel operators. "Nobody is booking," said one travel agent.

As yet there are no signs of panic among tour operators and the countries affected by the downturn.

Much of the demand for eastern Mediterranean holidays this year came after Christmas and the travel trade therefore hopes that the Gulf Crisis will be resolved by early next year.

The Cyprus Tourist Board, not surprisingly, has put a brave face on its problems and points out that Cyprus is a Mediterranean destination "and as far away from the crisis areas, for example, as the UK is from Austria."

Tour operators also report that few holidaymakers due to fly out to Cyprus or Turkey in the next few weeks have cancelled their bookings. "Those that do want to change their destinations are able to do so without the usual extra charges," says Charles Newbold, managing director of Thomson Holidays.

There are no signs of any large-scale price cutting as yet to stimulate sales.

■ ■ ■

TOURISM MINISTER Viscount Ullswater this week drew attention to the fact that incentive travel – where companies "reward" employees with travel trips – is proving to be the most lucrative part of the UK's travel and tourism sector.

"The range and variety of our countryside is unmatched and is quite literally crammed with opportunities for unusual and exciting pastimes and activities, from archery and clay pigeon shooting to pony-trekking and canal cruising," he told a London conference. Such corporate spending, he added, was worth some £2bn a year.

The size of this market has encouraged a number of privately-owned estates throughout the UK to offer shooting facilities to companies wishing to entertain and impress important business contacts. The difference, however, from traditional shoots is that these estates offer simulated pheasant, partridge or grouse shooting by using clay-birds at fraction of the cost of live game.

The Alternative Shooting Company, which organises the venture, says that the cost varies from £50 and £250 for a day's shooting. The £250 is for the equivalent of a 750-bird day which, for live pheasants, would cost nearly £2,000 per person. Tel: 0285-720488.

■ ■ ■

COX & KINGS, the specialist long-haul tour operator, is organising a special 11-day trip to India early next year to celebrate the tercentenary of the founding of Calcutta in 1690.

At a cost of £1,870, the tour seeks to emphasise the days of the British Empire. Cox & Kings has organised a series of special events including an Oxford v Cambridge cricket match, horse racing, and a thanksgiving service in Calcutta's St Paul's Cathedral.

■ ■ ■

TRAVEL BARGAIN of the month must be the offer from up-market perfume house Givenchy. For the first two weeks of October it is offering 500 Air Miles vouchers – equivalent of a return ticket to Paris – to anyone buying more than £45 worth of its fragrances.

The deal is the latest example of the way in which companies – more than 120 at the last count – are using Air Miles as a promotional tool in the present tough trading conditions in the High Street.

***David Churchill***



# CHESS

THE ANNUAL Interpolis Insurance grandmasters invitation in Tilburg, Holland, is the most important all-play-all event on the world chess calendar. Its sustained tradition of excellence and unusual results include the dominance of Anatoly Karpov in the 1970s; Tony Miles's victory with an injured back, playing stomach down on a hospital trolley; and Gary Kasparov's imperial play last year which broke Bobby Fischer's record as the highest rated player ever.

This year Karpov and Kasparov were busy preparing for their world title match which will be played at the Macklowe Center, New York starting on October 7, so the Tilburg organisers had to seek a new focus of interest. They found it in Gata Kamsky, 16, the former USSR junior champion who defected to the US during last year's New York Open.

Kamsky's family are Tartars, and his father alleged that the Soviet chess establishment debarred him from international invitations. The American Chess Foundation provided Kamsky and his father with financial support to enable them to participate fully on the US summer tour. This decision aroused ill-feeling, as several US players thought that the aid should have gone to American-born talents; but results quickly proved that the ACF was backing a winner.

Kamsky was consistently at or near the top in major events.

What happened last week in Tilburg suggests that Kamsky could well be the greatest talent to appear on the chess scene since Kasparov. His opponents included joint world Nos. 3, and joint interzonal winners, Vassily Ivanchuk and Boris Gelfand; Britain's top ranked GM and former world No. 3 Nigel Short; and Holland's world candidate finalist Jan Timman. Kamsky swept to an opening run of six out of eight before going down to Short in the ninth round. He regained momentum with a win over Ivanchuk and led the elite field going into Monday's final round by half a point.

Final results at Tilburg were Kamsky and Ivanchuk 8½/14, Gelfand 8, Short 7½, Andersson and Timman 6½, Nikolic 6, Seirawan 4½.

Games from Tilburg in a future article; meanwhile here is one of Kamsky's most impressive games so far, his win over the former world champion Mikhail Tal.

White: Gata Kamsky (US). Black: GM Mikhail Tal (USSR). King's Indian Defence (New York 1990).

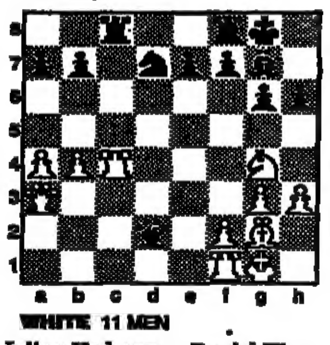
1 d4 d6 2 Nf3 Nf6 3 c4 g6 4 Nc3 Bg7 5 e4 0-0 6 Be2 e5 7 Be3 exd4 8 Nxd4 Re8 9 Qc2 Qe7 10 f3 c6 11 g4 a6 12 g5 Nfd7 13 h4 b5 14 h5 b4 15 hxg6 hxg6 16 Na4 d5 17 0-0-0 c5 18 Nb3 d4 19 Bf4 Nc6 20 Rh4 Nce5 21 Rdh1 d3 22 Bxd3 Nxf3 23 Rh7 Be5?

Up to here the complex play has followed basic King's Indian strategy: White tries to break through on the h file, Black counters in the centre. But now Tal should have sacrificed the exchange for active chances by 23 . . . Nde5 24 Nb6 Be6 25 Nxa8 Rxa8. In the game, White obtains queen for two rooks with a central pawn army which advances victoriously up the board.

24 Bxe5 Qxe5 25 Qg2 Nd4 26 Rh8+ Qxh8 27 Rxh8+ Kxh8 28 Nbxc5 Nxc5 29 Nxc5 Ne6 30 Na4 Bb7 31 Nb6 Rad8 32 Nd5 Kg7 33 Qf2 Bxd5 34 Qf6+ Kg8 35 cxd5 Nc5 36 Kd2 a5 37 Qd4 Nd7 38 Bb5 Rf8 39 e5 Nb6 40 d6 Nd7 41 Kd3 Rfe8 42 Bxd7 Rxd7 43 Ke4 Rdd8 44 Kd5 Rb8 45 d7 Resigns.

PROBLEM No. 840

BLACK 12 MEN



WHITE 11 MEN

Julian Hodgson v. Daniel King, Watson, Farley & Williams challenge, New York 1990. White (to move) is a pawn down, so decided to regain it by 1 Rxc8 Rxc8 2 Bxb7. What did he overlook?

City international lawyers Watson, Farley & Williams already stage an annual invitation grandmaster tournament at their London office in Minories; now they have launched a new event at their recently opened New York branch in Madison Avenue.

*Solution Page XVII*

***Leonard Barden***

# BRIDGE

TODAY'S HANDS come from Guide to Better Card Play (Gollancz £11.95), another good book by Ron Klinger. Let us look first at It's a snip:

N
♠ A 8 4
♥ 10 4
♦ K Q 7 6
♣ Q 9 8 6

W
♠ 5
♥ K J 8 2
♦ 9 8 5 4
♣ 10 5 4 2

E
♠ K 7 2
♥ A Q 9 7 5
♦ J
♣ K J 7 3

S
♠ Q J 10 9 6 3
♥ 6 3
♦ A 10 3 2
♣ A

With North-South vulnerable East dealt, and started the auction with one heart, South overcalled with one spade, West bid two hearts, and North two spades. After a pass from East, South tried again with three spades and North raised to four.

West led the two of hearts, East won with the ace, and returned the diamond knave, clearly singleton. What should South do? Many players would win the knave with the ace, and play ace and another spade. This works if spades split 2-2, but with the 3-1 break it is fatal. East wins the second round, puts West in with a heart, and ruffs the diamond return to defeat the contract. Finessing the spade queen is no better.

The correct play at trick two is to cash the club ace, cross to the ace of spades – East must have the king – and return the club queen, East plays the king – he surely holds this king as well – and South discards the heart six. This loser-on-loser play, known as the Scissors Coup, cuts the enemy lines of communication, and he makes his contract losing one spade, one heart, and one club.

Now, Care for trumps:

N
♠ Q 3
♥ Q 9 7
♦ A 6 5 3
♣ K Q J 10

W
♠ 9 8 5 4
♥ 10 6 3 2
♦ J 10 8
♣ 7 2

E
♠ A K 10 7 6 2
♥ 4
♦ Q 9 4
♣ A 8 5

S
♠ J
♥ A K J 8 5
♦ K 7 2
♣ 9 6 4 3

East dealt with North-South game, and bid one spade, South overcalled with two hearts, and North's four hearts concluded the auction.

West opened with the eight of spades, East took with king, and continued with the ace. How should South play? If the declarer ruffs the second spade, and draws four rounds of trumps, he will be at the mercy of the spades when he loses to the club ace. If, when East shows out on the second heart, he leads a club West will start a peter, East will duck the first club, win the second, and give his partner a ruff.

The right line – and it is very simple – is to discard a diamond on the second spade. And why not? It is a loser. Another spade can be ruffed in dummy, a diamond return is taken, all the trumps can now be drawn, the club ace is dislodged, and declarer still has a trump to ruff a spade.

***E.P.C. Cotter***

TRAVEL

# A gaunt and travel-weary African Queen

***Jonathan Hollins** cruises along Lake Tanganyika in a boat held together by the grace of God and good fortune*

SHE WAS not exactly a shapely vessel, but the *SS Liemba* possessed all the vital ingredients for a sound adventure. The moment I saw her, as gaunt and travel-weary as an African explorer, grinding her buckled hull plates against the quay at Mpulungu in Zambia, I felt a surge of promise rise from within. For three days and nights I was to be aboard, cruising north into the hub of central Africa along the sinuous, shimmering thread of the continent's most voluminous lake: Lake Tanganyika.

Lake Tanganyika is a hydrodynamic enigma, one of nature's great anomalies. No mountain tarn, it is a massive viridescent band 404 miles long and 31 miles wide, filling a precipitous rent in the heart of Africa. It is nearly a mile deep, the second deepest lake in the world.

When Burton and Speke reached the lake in 1858, Burton became convinced that he had located the source of the Nile. It took several expeditions to establish that, rather bizarrely, all the rivers fed in and none drained out. Even when in rare years its occasional outlet, the Lukunga, does flow, more than 90 per cent of water loss is still through evaporation.

The result is an exceptionally isolated and stable body of water. Near the surface animal life is rich in endemic species, yet below 220 yards all life is stifled. Deeper still in the abyss of the lake lies relict water, heavy in poisonous sulphides, devoid of oxygen, rich in testaments to the past. It is a sterile world where the lakebed is smothered in a thick white powder and the rocks are fused by calcite.

Every week the *Liemba* voyages from Zambia in the south to Burundi in the north, calling *en route* at a number of Tanzanian settlements along the eastern shore. Her long, low freeboard, counter stern and high, portholed bow betray her age, as does the tall, railed superstructure housing the bridge and first class cabins. A central funnel belched the familiar, hazy blue fumes of diesel exhaust, but behind, a vestigial pair of slender steam stacks told a different tale.

Lake Tanganyika: a hydrodynamic enigma and one of nature's great anomalies lies at the heart of a continent

The *Liemba* was constructed in Germany in 1912, a charcoal burning steamer introduced to nurture trade along the lake corridor for German East Africa. In the early 1980s, reputedly the second last steam ferry in the world, she was gutted and converted to diesel. Now sorely in need of a refit, she labours on, bolstered by the sympathetic attentions of engineers from a Norwegian aid project.

Still in dock, I stood on the promenade deck and watched the stevedores complete the loading. The bulk of the cargo consisted of headless matchsticks, loosely packed in deep hessian sacks and travelling north to be capped with red phosphorus. Matchwood is normally considered unassailable, but the indiscriminate use of balehooks produced some spectacular cascades into the hold. A Swede standing at my elbow winced unhappily and strode off towards the stern. He was going to oversee the loading of his car, he murmured anxiously.

By dusk we were cruising north through a heavy swell. I lay in my bunk absorbing the groans of the steamer's ancient hull as it flexed and strained under the workload. It was slightly disconcerting. I pondered on her soundness below the waterline and whether one day she would founder in active service.

Not that it would be for the first time. In 1916 the Germans scuttled the *Liemba* to prevent her falling into the hands of the British. She lay on the lakebed for eight years before being salvaged and refitted by the Belgians. I had a powerful suspicion that she was held together not by rivets but by the grace of God and good fortune.

The cabin door crashed open and my cabin mate, a Tanzanian doctor, hurled a 50 kg sack of sugar on to his bunk. "Contraband!" he exclaimed dramatically. The steamer was hove to off the Tanzanian shore, a swathe of light in the tar black night. Lit by the suffused glow, a flotilla of local craft jostled against her hull, loaded to the gunnels with Zambian sugar. An impromptu sugar market was under way. Voices rose as the participants harangued each other over price. Bargains were forged; rolls of notes were dropped into cupped palms; sacks were hauled aboard on ropes. The crew freelanced on a grander scale, building a pyramid of sugar over the hold with the forward derrick.

The doctor drew me to one side. "This is a smuggling community," he explained. "The sugar is carried over the border from Zambia and sold further north at twice the price – before we reach the Customs at Kigoma." By morning, barely a grain was left.

Throughout the day the *Liemba* hugged the eastern shore, calling in at mud-and-thatch villages raised along the water's edge. She presaged her arrival with blasts on her hooter, and was met everywhere with almost hysterical relief. Through debility she had become a temperamental visitor, often failing to appear for weeks on end, and yet she had also become indispensible.

At each stop she was besieged by boats with characteristically broad, shallow hulls like stretched soup bowls. As the more ungainly passengers were thrust or dragged on to the lower deck, carcasses of beef, baskets of mangos, sacks of cassava and dried fish, bundles of clothes, boxes of engine parts and the odd goat or cluster of tied chickens tumbled on to the decking in surrealist heaps.

In the evening, over a plate of waterlogged rice and boiled-to-death meat, I met my fellow travellers: a Spanish missionary visiting nuns in Rwanda; the Swede, driving home from Lesotho; and Mr Patel, a trader with the tapered moustache of a maharajah, who dabbled in everything from clothing to cement. "Diamonds?" I asked, rather cheekily. "Diamonds – no. Gold – yes," he replied. "But never again. The trouble with gold is that it inflames greed." He confided that he held a number of passports to cover most eventualities.

Next morning the *Liemba* entered the neat, horseshoe bay of Kigoma, a thriving harbour and railway terminus linked to Dar-es-Salaam and contiguous with Ujiji, Africa's oldest market town, a former slaving post renowned for the continent's most celebrated encounter. When Stanley mustered all his Victorian self-restraint and uttered those immortal words, "Dr Livingstone, I presume," he proved himself the master of the understatement, but his journal records that he actually felt like turning somersaults. Protocol, alas, forbade it.

While the *Liemba* offloaded, the captain – whose only labels of authority were a prosperous belly and a peak cap – prowled the upper deck. His wife, equally large but colourful, squatted over a charcoal burner and prepared his lunch. I strolled along the waterfront stacked with tarnished ingots of Zambian copper to the hulk of the obsolete *SS Kivu*. Once proud and stately, humbler days had befallen her; she was now an accommodation block for the dockworkers.

Decks hosed and lightly loaded, the *Liemba* left the bay to a formidable sunset. Along the shore more than 200 lights bobbed and winked like scattered pearls – night fishermen probing the waters for a living. I awoke in the half-light of dawn to an awesome sight: the head of Lake Tanganyika barred by a crescent of mountains. A spectral haze clung to the densely cultivated slopes and extended as a milky veneer across the surface of the lake.

The *Liemba* had tied to a wooden jetty beneath the sprawling city of Bujumbura, capital of Burundi, where minarets and patisseries epitomise the Arabic and Belgian influence. I disembarked and walked away as she turned and steadfastly ploughed her way south for the umpteenth time. Perhaps one day she will lie with the *Kivu*. Only time can tell.

HOW TO SPEND IT

A short swinging mustard coat with big tie collar and two large patch pockets. From the Marina Sport collection, £209. Worn with it are fine tan wool trousers, £113. Both from the main Marina Rinaldi range at Harrods.

# Marina Rinaldi's big ideas for the larger lady

FOR THOSE who are what is politely referred to as Rubenesque, or – more rudely – as simply fat, there is no more glamorous label than Marina Rinaldi. Others try and almost everybody else does it cheaper but nobody dresses the larger woman quite as seductively or as lusciously as Marina Rinaldi, one of the many divisions of the vast MaxMara fashion stable.

It has largely done it by going unashamedly for luxury fabrics and high-quality design. From the beginning Marina Rinaldi decided that more curvaceous women needed designs of their own – not just existing designs scaled up. To this end it produced several lines – for day, for evening, for sport – all in sizes ranging from 14 (where many a chain-store's sizing stops) to 28. And all with nary a floral tent shape in sight. In addition there is a full range of accessories: everything from handbags and scarves to hats, gloves, jewellery and knitwear.

Until now none of this has come cheap – after all, larger ladies need to be covered by more fabric while their skinny sisters can get away with a less than perfect cut and with cheaper materials. To look good, larger ladies need expertly-cut clothes in finer fabrics.

The good news is that Marina Rinaldi has added another range to its existing three, that of Persona, another of the growing number of "diffusion" lines. Diffusion, for those who have yet to come upon the jargon, means cheaper and any designer who is anyone these days has a diffusion line. From Donna Karan to Giorgio Armani it is THE currently fashionable way of selling some part of their design expertise and some of the associated glamour to a wider audience. Persona is approximately 30 per cent cheaper than the main Marina Rinaldi lines, which means that coats come at about £170, jackets at about £150 and trousers at about £65.

Larger readers should take heart from Cordula, the top American model whom Marina Rinaldi has used as the image of the company. A great beauty, she is not outsize in that she is a large size 12 but that is quite a lot for top models who mostly teeter skinnily in the low size 10s and 8s. Readers longing to know what Marina Rinaldi can do for them might like to know that there is a splendid newly enlarged department where almost the whole range can be seen at Harrods of Knightsbridge, London, SW1. Other Marina Rinaldi stockists will have limited selection from the range.

*L.v.d.P*

A green tweed checked suit with velvet revers and buttons, £367, worn here with a fine-ribbed cream polo-necked sweater, £76. Over the suit is a dark green shawl-collared short coat, £220. Once again all from Harrods.

Stainless steel flat grater with non-slip base; it slices, shreds and coarsely grates. £2.48

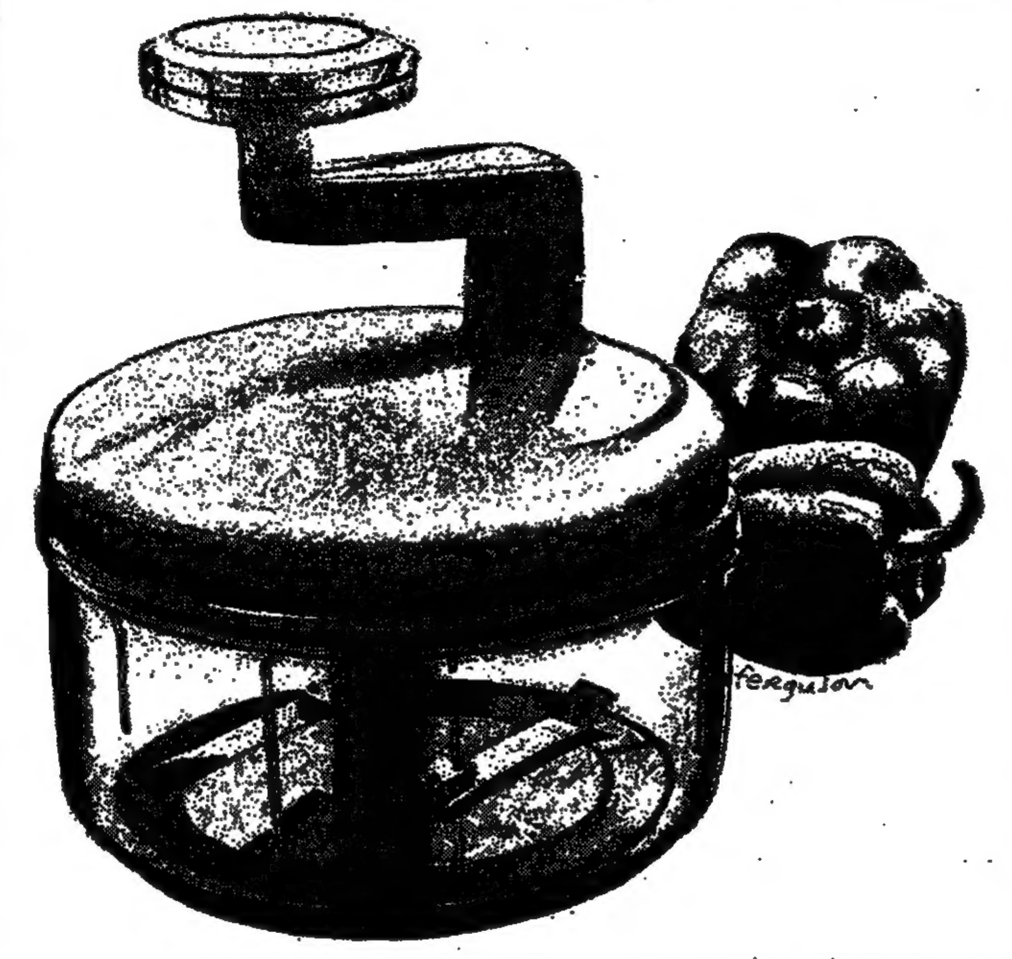
The Magican, a tin-opener which leaves a clean cutting edge and retains the lid. £4.99

Five and seven-inch sieve, with stainless steel mesh and nylon frame. £4.99 and £3.99

The Filter-Fresh, a filter and jug all in one, sits happily in the fridge door. £7.99

# And now, the designer tin-opener

***Kitchen gadgets are handy, but really good gadgets are a godsend, says Lucia van der Post***




Manual food processor – no electricity needed, ideal for chopping hard-root vegetables. £12.99

SOME THINGS in life look startlingly, flamboyantly, indubitably "designed." Take a *numero from Lacroix, for example* – even the dim-witted can tell a creative talent has been at work, that all those lustrous satins and spangly sequins took hours and *hours* of expensive labour to make them look exactly . . . so.

Not so with the humble tin-opener, garlic press, sieve or chopping-board. You find them lurking inconsequentially on a shelf and pick them up thoughtlessly, scarcely aware that they have been designed at all, let alone conscious of all the exhaustive market research that has been devoted to giving you, madam, as perfect a product as can be devised. It is rather like the swan: serenity above, furious effort below.

But though many of us can live entirely satisfactorily without ever donning a Lacroix, few of us can get by without a tin-opener, sieve or chopping-board. In other words, the manufacturer who puts his mind and market research team to giving us efficient *and functional* gadgets deserves as much glory as high-profile designers of more glamorous objects.

WL Housewares has long been in the humble kitchen gadget market, selling useful but unglamorous things at surprisingly low prices. A few years ago it embarked on an ambitious programme of market research, asking housewives all over the UK which gadgets they liked and what they found awkward or inefficient about them.

The company analysed the answers, went back to square one and produced a range of 28 new Culinare products, all of which are going into the shops in the next *few* weeks.

Take the food mixer. WL found that many housewives had efficient electric food mixers but were reluctant to use them. They took up too much room, were too heavy, and though they would chop or purée very quickly they were a pain to wash up.

So WL devised a light, simple, manual food processor, which sells for just £12.99. Being non-electric it can be used anywhere, is light enough to be lifted easily and small enough not to take up much room if left out.

It has only three parts: the base, the lid and the chopping disc, which are very easy to wash up. It doesn't do all the jobs an electric food mixer does – it won't pound raw meat or purée soups or fruits – but it will chop any hard root vegetables, will chop cooked meat, is good for pâtés and mayonnaise.

Then there is the Filter Fresh, a portable water-filter jug that fits into a standard fridge door. The company found that many people hadn't bought a filter because it would take up too much room and because they were worried that leaving it out at room temperature would allow bacteria to develop. The Filter Fresh solves both problems – it leaves the work surface free and keeps bacteria at bay. At £7.99 (changeable filters, £3.99 for two) it is exceedingly reasonable.

Another star product is the No-spill Chopping-board. Made from polypropylene it is not as *beautiful as its fine, chunky teak relation, but it* is infinitely easier to use. Housewives told WL that after chopping vegetables they found most chopping boards quite heavy to lift and that scraps of food went flying as they tried to pour the results into stockpot or frying-pan. So WL came up with a board that is lightweight and has hinges which allow it to fold up so that the sides form chutes which guide the food into the pan. It will cost £6.99.

Anybody who hasn't already got a Magican tin-opener ought to rush out and get one. Developed a few years ago in response to housewives who found existing tin-openers clumsy, unhygienic and dangerous, there is now a revised version which does all the things the old one does – like lifting the lid cleanly from under the rim, leaving a neat edge and retaining the lid until it is released and dropped into the bin. £4.99.

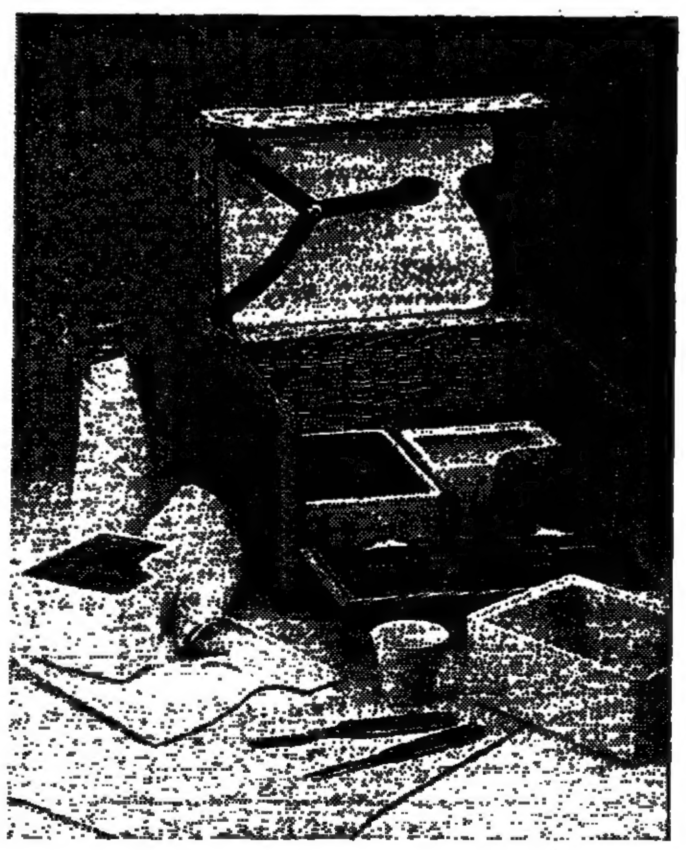
The rest of the range consists of sieves, garlic presses, kitchen tongs, pastry brushes, peelers, cling film dispensers and the like. Find them soon in the John Lewis chain, Debenhams, Allders, Asda and other good kitchen departments.



# Young bloods look to a fashionable future

***Lucia van der Post views the work of British students, commissioned with French flair***

Manuel Canovas asked for a printed fabric design for a male writer's house in the Caribbean – this version, in sand, pink and terracotta, is Catherine Osborne's winning suggestion



Above, a beautifully-crafted, wood-cased travelling picnic set by Marc Taylor for Hermès; right, Clare Henshaw's twisted, curving stem glasses designed for Lalique

IF THERE'S one thing the French seem to know how to sell, it is anything with an air of luxe about it. Somehow, over the years, they seem to have cornered the market in the sensuously seductive, the wilfully luxurious, the seriously status purchase. They even have a special club for the purveyors of such goods. They call it the Comité Colbert and among its 70 members are some of the bluest of blue chip names, which between them pull in £27bn a year for the French economy.

There's Krug and Givenchy, Nina Ricci and Cristalleries de Saint-Louis, Hermès and Louis Vuitton, Lalique and Manuel Canovas and lots more. The purpose of the club, of course, is to sell more Krug and Givenchy, Nina Ricci and all the rest, but to be fair they make sure that everybody has a lot of pleasure along the way.

They also think up nice ways of doing it. One way is to try to get sparky young talent to inject some wit and innovation into their rather establishment, tradition and quality-based businesses. Four years *ago the Comité Colbert decided* to run a design competition which involved inviting students from leading design colleges to design products to specific briefs from some of its luxury goods houses. Last year it involved students from the US; the two years before that *from* Paris. *This* year was Britain's turn.

Each of the houses gave the students specific briefs, from a silverware setting for Christofle to a travelling wardrobe for a young female high-flier going to New York (Givenchy). Vuitton were after the sort of handbag *that a chap could* carry without blushing and Lacoste wanted some new ideas for sporting bags.

Hermès asked for "A day trip with porcelain". Champagne Krug *for* a "rafraichisseur", Lalique for the "study of a glass", Leonard for a silk scarf illustrating the four seasons, while Nina Ricci wanted a romantic, timeless, haute couture cocktail or evening dress. Rémy Martin had in mind a new decanter for a very old Rémy Martin Cognac. *Cristal*leries de Saint-Louis wanted a "bottom-up glass", Souleiado wanted publicity material for the world of Souleiado and S.T. Dupont wanted a 21st century lighter.

The winning results were unveiled to the design cognoscenti this week and are currently on view at The Design Museum, Butler's Wharf, London, SE1. They show much verve, inventiveness and a proper respect for the quality for which the companies involved are renowned.

*For Hermès* there is an elegant picnic set by Marc Taylor of Brighton Polytechnic. For Cristalleries de Saint-Louis Teleri Ann Jones shows us that there are still *more* things that a creative designer can think of to do with a glass – like lie them on their side and allow *them still to hold the liquid.* Lai Kwan Tsang produced a marvellously elegant and unaggressive buffalo hide bag for Louis Vuitton and Andreas Fabian mimicked the traditional white cloth wrap for champagne by devising an anodised metal container for *Champagne Krug. I* was particularly taken with the Souleiado publicity campaign – Souleiado's fabrics were wittily introduced to copies of some of the most famous Impressionist paintings in the world.

All the companies had it in mind that if the winning entries were suitable they would be incorporated into their ranges, although as yet most are still waiting for expert costings and are still pondering the proposals.

The exhibition runs until October 14 and though at first *sight it may seem a little slight* it does offer a good deal of food for thought – not least raising questions about the lack of such mutual co-operation and patronage for design students from our own luxury goods industry.

Anybody who hasn't yet visited the Design Museum could make this an excuse to do so – there is lots else to see, and The Blueprint restaurant has some of the best views in London as well as an authentically gutsy Italian-influenced menu.

# SPORT

Cricket/Teresa McLean

## A long summer's broken dreams

THIS YEAR'S County Championship was a close one, but whether or not it was a good one is more of an open question. If you come from Middlesex, where Mike Gatting and his team are still celebrating their triumph, equally pleased with their batting, bowling and fielding, the answer must be yes. Essex, who ended up in second place for the second year running, have a more qualified enthusiasm and are only really pleased with their batting.

On the last day of the season's play, when Middlesex had already secured the title and Surrey were adding futility to Essex's frustration at the Oval with a match-saving second innings, Graham Gooch grew tired of twiddling his broken thumb inside its bandage, watching his side plod towards a draw, and happily agreed to a chat about this year's Championship from Essex's point of view.

Gooch considers "tactical knowledge" to be the most important weapon of captaincy and shrewd, thoughtful caution to be a useful tactic in itself, on and off the field. I asked him whether this had been a good or a disappointing season for Essex. He thought hard before replying: "A mixture of good and disappointing."

Then he opened up a bit.

"We played well but failed at crucial moments and faded at the end. We should have won the two games against Northamptonshire but didn't."

Indeed they didn't. Northamptonshire drew the first game, scoring a prodigious 592 for 6 declared against feeble bowling, then a week later beat Essex by 276 runs, this time scoring 636 for 6 declared in their second innings. Essex could not put any bite into their attack.

But Gooch was careful not to blame his bowlers for their erratic performances. Bowling cannot be mentioned without pitches in conversation with an Essex loyalist at present and the subject of bowling quickly led Gooch on to a short spell of rhetoric on the subject of pitches.

Last year's 25-point penalty for a Southend pitch which the Test and County Cricket Board deemed sub-standard was the reason Essex lost the 1989 Championship to Worcestershire. Gooch has tunnel vision in reckoning that penalty was one of the main reasons Essex lost the Championship again this year. He claims nervous groundsmen prepared dead, safe pitches offering no help to the quicker Essex bowlers such as Neil Foster, Derek Pringle and Mark Ilott, who like a bit of bounce in the grass.

If Gooch was in charge of county cricket, his priority would be "to make good cricket wickets, which would help the bowlers with a bit of bounce and help the batsmen play their shots."

A lifeless pitch at Chelmsford late in the season is held responsible for the fact that this year's "local derby match against the next door opposition from just under the Dartford Tunnel" was a bit on the mild side. Essex batted well but poor, stagnant Kent rallied at the end to draw.

Discontent with pitches is a hallmark of contemporary cricket but even those who, like Gooch, are almost obsessional on the topic, do not blame pitches for all their troubles. When I asked Gooch what he thought had been the weakest part of Essex's game this season he did not hesitate to pick catching.

Examples?

The draw with Northamptonshire, in which Wayne Larkins was dropped four times en route to his double century. Even as we were talking, Surrey's "Gnasher" Ward, huge teeth glinting in the autumn sun, was smashing his way to a double century with carefree impunity, fielders scarcely moving to stop him. Admittedly it was a dead-end game, but surely it could still have been used for catching practice?

Catching practice, I was assured, is one of the things Essex players can look forward to this winter, as the opening move in their "third time lucky" campaign.

Will it be a successful campaign?

"I hope so, but I wouldn't like to say for sure."

Public relations are equally careful at the bottom of the table, where Essex's neighbours and rivals, Kent, finished the season behind everyone except Sussex. The Sussex secretary, Mr N. Bett, tinged his statement on a traumatic summer with a Gooch-like finesse: "We hope to do better next season, but then we can't do very much worse, can we?"

The future is Sussex's inspiration. They have to admit more freely than Essex that this was a disappointing season. But like Essex, they boast a high number of young cricketers and did well in the Second XI Championship. In fact Sussex won it, and look forward to their youngsters developing into a fine side under the supervision of their coach, Norman Gifford, a wily old operator.

Like Essex, Sussex felt it was only fair to their players to point out that one particular item of bad luck had damaged their chances: broken bones. Certainly they have been unfortunate, especially their bruised, battered, broken-boned and badly missed captain Paul Parker.

While Essex practice catching, "all Sussex want to do is go home and get away from the game for a bit," and wait for their bones to mend.

Players at the top and bottom of the Championship table were tired of cricket, but displayed the compulsory cheerfulness the modern game demands of its players. I got the impression it was worse for Essex being almost-but-not-quite triumphant than it was for Sussex being everyones' favourite opponents. But I also got the impression that this would make Essex come out thirsty for blood next season.

But then, as Gooch ventured, opening the door for me to go, "you never know with county cricket. It's a funny business."

Essex captain Graham Gooch blames pitches rather than his players

Golf/Lauren St John

## The man who wants to be perfect

THE MAN in the white cap now hitting balls with fluid ease on the practice range has more in common with American legend, Ben Hogan, than his choice in headgear.

"I like to strive for perfection," says Mark McNulty, current leader of the Volvo Order of Merit, "even though I never achieve it. Perfection, I suppose, is playing a par four in two, a par five in three and a short hole in one – for 18 holes."

Hogan thought as much.

Zimbabwe-born McNulty, leads Ian Woosnam, Jose Maria Olazabal and Ronan Rafferty as European Tour number one, with earnings in excess of £380,000. Yesterday, at the half-way stage in the Epson Grand Prix at St Pierre, Chepstow in Wales, McNulty was eight under par after two rounds of 67, four shots behind his chief rival Woosnam. He was maintaining the consistent excellence that has been the hallmark of his remarkable year. In 21 European appearances, McNulty has finished in the top ten 15 times, won two tournaments – including the German Open, the richest tournament on the circuit – and was losing finalist to Woosnam in the Suntory World Matchplay last week. In the the two majors he played, the Open Championship and the US PGA, and was joint second and eighth.

"It's hard work and motivation and will, basically," says McNulty of his extraordinary consistency, before drawing on the maxim of another golfing legend, "The more you practice, the luckier you get" which was, of course, Gary Player's favourite line.

"I feel that because I practised so hard in the early part of the season, I laid the groundwork for the year."

McNulty took a long break over the winter, nearly three months in all, and he feels that it refreshed him and prepared him mentally and physically for the season ahead. Nevertheless, the stress which continually being in contention puts on a player is enormous, and McNulty admits that it is beginning to tell.

"I expect a lot of myself and I think at times I've been putting unnecessary pressure on myself due to the fact that I've wanted to maintain high standard.

"I think it's a fine balance at the end of the season, making sure that you've got the energy to keep on competing at a high level. If you overdo it you just get tired and maybe stale. So I've been very aware of that. There's still four week of hard golf before the season's over."

He paces himself. "Every time a good player plays he wants to win. Seve's schedule, Langer's schedule and a lot of the top Americans are all planned around that. When you're in the position where you can afford to do that, it makes it much easier to channel all your thoughts into the weeks when you are playing."

Guidance is provided by David Leadbetter, who coaches Nick Faldo. When McNulty had a lesson at the US PGA, Leadbetter said it was the best he had ever seen him swing. Being a perfectionist, McNulty doesn't put too much store by the notion that his technique is at its peak.

"The swing changes," he says. "You get tired and it changes. So even though David did say that, I'm always aware that next week I might not be quite so good."

"I think my strong point is my mind and my weak point is possibly the physical state of my body. I'd like to be much stronger. My strong points as far as my game is concerned is my straightness and my consistency and that's what I've tried to achieve all season, and fortunately it has been working."

Perfection is a persistent theme in the conversation of the short game maestro, and it is not something he reserves for the golf course. Like all the top players, he approaches everything with the same careful consideration. Diet, exercise and his tournament schedule are all scrutinised and deliberated over with a view to maximising his performance.

This attention to detail is one common denominator of all the top players. Talent, obviously, is another. McNulty supplies the third: "A good player is someone who can take the ups and downs of life as well as golf."

Strange how, in the face of this incontrovertible evidence of his ability to compete with, and beat, the best players in the world, McNulty remains a media nonentity. Part of the reason is that he isn't British; but by the start if the next season he will have exchanged his Zimbabwe passport for a British one, and a Ryder Cup place will be his should he qualify. The other, is his own quiet, unextrovert way of going about his business and playing superb golf in a manner that doesn't excite attention.

"Mark is an exceptionally good putter," said Greg Norman, after McNulty had beaten him 3 and 2 in the semi-finals of the World Matchplay. "He's a very consistent player, doesn't hit it long, hits a lot of good iron shots, makes a few long putts. Makes a round of 68 look like a breeze."

McNulty is not unduly concerned by the lack of recognition he gets, more bewildered if anything. He prefers to let his golf speak for itself. His motivation is playing well and winning. His goal is winning the Order of Merit. He knows that invitations to major championships and recognition will follow suit in due course.

"My motivation, I think, is to be as good as I can be, and I always feel I can get better. And if I can get better, I'll win more tournaments."

Ultra-distance running/Kerin Hope

## In the footsteps of a legend

ULTRA-DISTANCE runners are no ordinary athletes. They find the 26-mile marathon distance uncomfortably short and thrive on pounding the track for six days at a stretch in the hope of setting a new mileage mark, or beating the competition over hundreds of miles.

Once a year, a group of top-calibre ultra runners sets out at dawn to race from Athens to Sparta. It is a 153-mile course which takes them along a fume-laden motorway, over donkey paths and up a mountain pass in the dead of night. The fastest of them will arrive this morning at the finish line – the toe of a statue of ancient King Leonidas of Sparta, the warrior who died defending the pass at Thermopylae against the invading Persians. The stragglers – and the women runners – will trickle in at intervals over the day.

This is the spartathlon, a race inspired by Pheidippides, the ancient courier supposed to have dropped dead after running to Athens from the battlefield at Marathon in 490 BC to announce that the Greeks, against all the odds, had defeated the Persians. In fact, there is no historical confirmation he was the messenger who died: the original marathon run would actually have posed few problems for such an accomplished courier.

Herodotus, the ancient historian, records how Pheidippides earlier undertook a diplomatic mission to seek Spartan military help for Athens against the Persians, managing to reach Sparta "the very next day after leaving Athens." Scholars dismissed the assertion as exaggerated. But in 1982, an RAF team led by Squadron Leader John Foden, who had worked out the probable 5th century BC route between the two cities, proved it could be done.

If Pheidippides left Athens at dawn and arrived in Sparta at dusk the next day, his time for covering the distance would be about 36 hours. Foden and one of his team just met the deadline. But when the first spartathlon race was held the following year, an unknown Greek runner, Yiannis Kouros, surprised himself and everyone else by winning in 21 hours 53 minutes 42 seconds.

Kouros, who cut more than an hour off his time the next year, now holds more than 70 world records over distances from 100 to 1,000 miles. After several years, he came back to challenge Patrick Macke of Britain and Rune Larsson of Sweden, who each won the race twice during his absence.

"I'm not sure I can match my 20-hour run in 1984. I've got much more experience now, it's true, but I haven't prepared as well as I did that year," he says.

About a third of the 100-odd contestants from 20 countries are likely to meet the elimination times at checkpoints along the route and finish inside the 36-hour time limit, according to the chief spartathlon organiser, Commodore Vassilis Mantzaris. Most runners drop out during the punishing climb up Mount Parthenion and over the 3,500-foot Sangas pass.

The loneliness of the ultra-distance runner is most intense at night, when fatigue sets in and the mind begins to compensate by hallucinating. Pheidippides was no exception. While crossing the mountain he held a conversation with the god Pan, who was disguised as a shepherd.

The spartathlon runners use orienteering headlamps or carry torches to avoid losing their footing on the rocky slopes. Once down, they head south to Sparta on the comforting tarmac of a main road.

"You run through villages and people come out to see you. There's a kind of festival atmosphere that gives you a runner's high to keep you going on that last stretch," says Mary Hanudel, an American who is married to Larsson. She has finished the race four times in five tries. Her time last year was 31 hours 57 minutes 23 seconds. But she admits to slowing to a walk "coming in to the food and water points, but you won't find the men doing that."

In Sweden, she and Larsson train by paddling a canoe for 12 miles, then running with it for another 12. They also swim and cycle. An important part of ultra-running, she says, is to develop deep concentration: "Runners are literally lost in thought.

"The spartathlon is something different. The runners are very isolated, you don't have a support bike beside you," she says. "But you see the same faces setting out every year. It's partly the historical content and partly the course. You want to come back and improve your time."

# TELEVISION & RADIO

## SATURDAY

‡indicates programme in black and white

### BBC1

7:30 am Paddington Peas. 7:35 Babar the [illegible]

### BBC2

[illegible]

the President's Men" (Robert Redford and Dustin Hoffman star).

### LONDON

[illegible]

### CHANNEL 4

[illegible]

Dora Bryan, Raymond Huntley, George Cole, Richard Wattis and Eric Barker.

2:45 Swindon – All Change. 3:15 Palaces on Wheels. 4:00 Engine Whistle Blowing. 4:30 Overture One-Two-Five. 4:45 "The Railrod-[illegible]

### S4C WALES

[illegible]

### ANGLIA

[illegible]

### CENTRAL

12:30 pm Just Champions (Max Faulkner). 2:10 Coronation Street. 3:05 Ngaio Marsh [illegible]

### CHANNEL

[illegible]

### GRAMPIAN

[illegible]

### GRANADA

[illegible]

### HTV

[illegible]

Peggy Mount, Robert Morley, Harry Corbett and Miriam Karlin. 10:35 "Operation Daybreak" starring Timothy Bottoms, Martin Shaw, Joss Ackland and Anthony Andrews.

HTV Wales as HTV except:

[illegible]

### SCOTTISH

[illegible]

### TSW

[illegible]

### TVS

[illegible]

### TYNE TEES

12:30 pm Here Come the Double Deckers. 2:10 The A-Team. 2:10 "Escape to Burma" [illegible]

### ULSTER

[illegible]

### YORKSHIRE

[illegible]

### BBC RADIO 2

[illegible]

From Trade Gallery, Manchester. 6:30 Cinema 2. 5:30 Jurdin's Jokers. 6:00 Country Greats in Concert. 7:00 Saturday Gala Night. 8:30 Cosmotheka's Comedy Songbook. 10:00 The Radio 2 Arts Programme with Sheridan Mor-[illegible]

### BBC RADIO 3

[illegible]

Panorama of Argentine Music. 12:00-12:05 am News.

### BBC RADIO 4

[illegible]

### BBC RADIO 5

[illegible]

## SUNDAY

‡indicates programme in black and white

### BBC1

[illegible]

### BBC2

[illegible]

### LONDON

[illegible]

### CHANNEL 4

[illegible]

### S4C WALES

[illegible]

### ANGLIA

[illegible]

### CENTRAL

[illegible]

### CHANNEL

[illegible]

### GRAMPIAN

[illegible]

### GRANADA

[illegible]

### HTV

[illegible]

### SCOTTISH

[illegible]

### TSW

[illegible]

### TVS

[illegible]

### TYNE TEES

[illegible]

### ULSTER

[illegible]

### YORKSHIRE

[illegible]

### BBC RADIO 2

[illegible]

### BBC RADIO 3

[illegible]

### BBC RADIO 4

[illegible]

### BBC RADIO 5

[illegible]